



# Comprehensive Annual Financial Report

Year ended June 30, 2008

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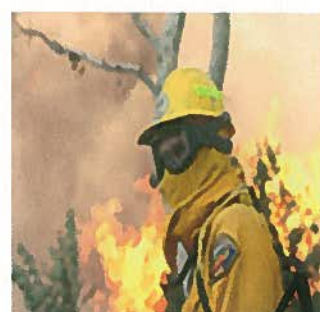
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**Orange County Fire Authority**  
Orange County, California  
Business Services Department - Finance Division



# Comprehensive Annual Financial Report

Year ended June 30, 2008

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June 2008

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County of Orange

**Mark Tettermer**  
City of Lake Forest

**Chip Prather**  
Fire Chief

Prepared by Finance Division

# **Orange County Fire Authority Mission Statement**



We proudly serve the changing needs of our communities by providing the highest quality regional emergency, safety, and support services with:

**P**rofessionalism

**E**nthusiasm

**O**rganizational Integrity

**P**ride

**L**eadership

**E**ffectiveness

Our people pledge a commitment to preserving the quality of life. We protect lives, property, and the environment with compassion, vigilance, and dedication to excellence.

**ORANGE COUNTY FIRE AUTHORITY  
Comprehensive Annual Financial Report  
Year ended June 30, 2008**

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# INTRODUCTORY



## SECTION

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- *A series of disastrous Southern California wildland fires, known as the October 2007 Fire Siege, began on October 20, 2007.*
- *The fire siege, which resulted in 22 major fires and numerous smaller fires over a three-week period, was fueled by extreme Santa Ana wind conditions and low humidity.*
- *The arson-caused Santiago Fire in Orange County was one of these major devastating fires.*



**ORANGE COUNTY FIRE AUTHORITY**  
P. O. Box 57115, Irvine, CA 92619-7115 • 1 Fire Authority Rd., Irvine, CA 92602  
Chip Prather, Fire Chief (714) 573-6000 [www.ocfa.org](http://www.ocfa.org)

October 17, 2008

The Board of Directors  
Orange County Fire Authority  
1 Fire Authority Road  
Irvine, California 92602

We are pleased to present the Comprehensive Annual Financial Report (CAFR) of the Orange County Fire Authority (OCFA) for the fiscal year ended June 30, 2008.

This report consists of management's representations concerning the finances of the OCFA and is presented using the financial reporting model outlined in the Governmental Accounting Standards Board (GASB) Statement 34. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

To provide a reasonable basis for making its representations, OCFA management has established a comprehensive internal control framework. This framework is designed to provide reasonable assurance that assets are safeguarded against loss from unauthorized use or disposition and that accounting transactions are executed in accordance with management's authorization and properly recorded so that the financial statements can be prepared in conformity with generally accepted accounting principles (GAAP). The objective of the internal control framework is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements. The design and operation of internal controls also ensures that federal and state financial assistance funds are expended in compliance with applicable laws and regulations related to those programs.

The OCFA's financial statements have been audited by Mayer Hoffman McCann, P.C., a firm of certified public accountants. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion ("clean") that the OCFA's financial statements for the fiscal year ended June 30, 2008, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

The Management's Discussion and Analysis (MD&A) narrative provides "financial highlights" and interprets the financial reports by analyzing trends and by explaining changes, fluctuations and variances in the financial data. The MD&A is also intended to disclose any known significant events or decisions that affect the financial condition of the OCFA. The MD&A complements, and should be read in conjunction with, this letter of transmittal.

Serving the Cities of: Aliso Viejo • Buena Park • Cypress • Dana Point • Irvine • Laguna Hills • Laguna Niguel • Laguna Woods • Lake Forest • La Palma • Los Alamitos • Mission Viejo • Placentia • Rancho Santa Margarita • San Clemente • San Juan Capistrano • Seal Beach • Stanton • Tustin • Villa Park • Westminster • Yorba Linda and Unincorporated Areas of Orange County

**RESIDENTIAL SPRINKLERS AND SMOKE DETECTORS SAVE LIVES**

The independent audit of the financial statements of the OCFA was part of a broader, federally-mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the OCFA's separately issued Single Audit Report.

### **Profile of the OCFA**

The OCFA was formed on March 1, 1995, transitioning from the Orange County Fire Department to a joint powers authority (JPA) as allowed by California State Government Code 6500 et seq. The OCFA is an independent organizational entity similar to a special district. The service area includes twenty-two member cities and the unincorporated areas of Orange County, California. A twenty-four member Board of Directors governs the OCFA. This Board includes an elected official appointed to represent each of the twenty-two member cities and two representatives from the County Board of Supervisors. The OCFA is managed by an appointed Fire Chief who reports to the Board of Directors.

The OCFA is the largest regional fire service organization in Orange County and one of the largest in California. Emergency response services are provided to a community of over 1.3 million residents in a 550 square mile area of Orange County. The OCFA's authorized staffing level was 1,127 full-time positions for Fiscal Year 2007-08. A total of 935 positions (83.0%) of personnel provide front-line services, including emergency response, dispatch and fire prevention. The remaining 192 positions (17.0%) are authorized for technical and administrative support. The OCFA's staffing levels also include 390 reserve firefighter positions.

Since 1998, the OCFA has used a customer satisfaction survey program to monitor the level of customer service satisfaction. During the fiscal year ended June 30, 2008, a total of 35,105 questionnaires were distributed and 9,465 (27.0%) were returned. The overall satisfaction rating of 97.1%, in conjunction with the high return rate, demonstrates that our communities continue to place high value on the OCFA's services and excellent service delivery.

The annual budget serves as the foundation for the OCFA's financial planning and control. The budget development process begins in November. The budget team compiles the input received from the section/division managers who follow the policies and guidelines established by Executive Management. The results are presented to Executive Management for review and prioritization. The draft budget is further refined through various committee reviews, including a City Managers' Budget and Finance Committee, a Capital Improvement Program Ad-Hoc Committee and the OCFA Budget and Finance Committee. The OCFA Budget and Finance Committee recommends the budget for approval by the Board of Directors in May or June. The Board is required to hold a public hearing on the proposed budget and to adopt a final budget by no later than June 30, the close of the OCFA's fiscal year.

The appropriated budget is allocated by fund and department. Department Chiefs may make transfers of appropriations between sections within a department. Transfers of appropriations between departments require the approval of Executive Management, and transfers between funds require the approval of the Board. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. Budgetary Comparison Statements for the



General Fund and all major special revenue funds are presented in the governmental funds section of the accompanying financial statements. Budgetary Comparison Schedules for all remaining governmental funds with appropriated annual budgets are presented in the supplementary schedules section of the accompanying financial statements.

### Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the OCFA operates. The following Fiscal Year 2007-08 economic, political and natural developments highlight some of the significant influences on the economy at the national, state and local levels<sup>1</sup>:

- July 2007 – The Dow Jones industrial average dropped 311.50 points (2.3%) amid concerns about housing and credit markets.
- August 2007 – The Federal Reserve injected \$38 billion into the banking system in an effort to provide the liquidity needed to keep the financial markets operating normally.
- October 2007 – Southern California experienced a wave of devastating wildfires, including the Santiago Fire in Orange County.
- December 2007 – Banks, mortgage lenders, real estate investment trusts and hedge funds continued to suffer significant losses as a result of mortgage payment defaults and mortgage asset devaluation.
- December 2007 – President Bush announced a plan to voluntarily and temporarily freeze the mortgage rates of a limited number of mortgage debtors holding adjustable rate mortgages.
- April 2008 – Consumer prices increased by 4.0% over the previous twelve months, reflecting sharp gains in energy costs and food prices.
- April 2008 – After several consecutive reductions, the federal funds rate was cut to 2.0%.
- June 2008 – Gas prices set new all-time highs. Crude oil hit a new high of \$140 per barrel.

**National Economy:** The national economy appeared to enter into a recession in 2008, defined as a broad-based decline in gross domestic product that lasts more than a few months.<sup>2</sup> Most economists originally believed that a recession would be relatively short as the economy began to feel the effects of aggressive cuts in the federal funds rates and consumer spending from federal rebates.<sup>3</sup> However, a number of factors are intensifying the slowdown, such as the high price of food and oil and the continued slowdown in the housing market.<sup>4</sup> In addition, turmoil in the financial markets could cause a

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<sup>1</sup> *California Economic Indicators*, California Department of Finance – May/June 2008

<sup>2</sup> *We're in Recession, Economists Say*, John Waggoner and Barbara Hansen, USA Today – April 28, 2008

<sup>3</sup> *Wholesale Prices Climb Higher, Faster*, Sue Kirchhoff, USA Today – May 20, 2008

<sup>4</sup> *We're in Recession, Economists Say*, John Waggoner and Barbara Hansen, USA Today – April 28, 2008

further decline in mortgage availability, which could make the housing downturn last even longer.<sup>5</sup>

In early September 2008, the U.S. government took over mortgage giants Federal National Mortgage Association (Fannie Mae) and Federal National Mortgage Corporation (Freddie Mac), a step toward improving the housing sector and restoring confidence in the credit markets. However, even if the mortgage rates decline and borrowing conditions improve, the rising unemployment rate may prevent many from taking advantage of the benefits.<sup>6</sup> No upturn in the residential or commercial real estate sectors is anticipated in the near-term future.

In mid-September 2008, a series of events highlighted the global crisis in the banking industry. Lehman Brothers declared bankruptcy and Bank of America bought out Merrill Lynch. Insurance company AIG was also teetering on the edge of bankruptcy, but was rescued by a bailout from the Federal Reserve in the form of an \$85 billion, two-year loan. This move by the Federal Reserve was unprecedented and is being referred to as a “controlled bankruptcy.” More bank failures and consolidations are anticipated. Central banks in the United States, Europe and Asia have attempted to pump \$247 billion into the banking system, yet banks are continuing to hoard cash and lend at exorbitant rates. Borrowing costs for U.S. companies have skyrocketed, which will cause inflation and a further weakening of the economy.

The Federal Reserve Board’s goal is to promote maximum economic growth while still maintaining price stability and moderate, long-term interest rates.<sup>7</sup> A decrease in the federal funds rate (the overnight bank lending rate) stimulates economic growth, while an increase can keep inflation under control. The Federal Reserve Board (Fed) began the fiscal year with a federal funds rate of 5.25%, the highest level since 2001. As the year unfolded, the economy continued to weaken, driven by a worldwide subprime mortgage crisis, a related credit crisis in the financial markets and the worst housing recession in twenty-five years. The Fed aggressively cut rates by 325 basis points, the fastest rate decrease in twenty years, ending the fiscal year on June 30, 2008 at 2.0%. On September 16, 2008, the Fed met and left the federal funds rate at 2.0%, even though many were expecting an additional cut of 50 basis points.

On September 18, 2008, the markets closed up 400 points upon news that the U.S. government may establish a corporation to buy back bad debts from banking institutions. The banks would remove the bad mortgages from their balance sheets and, over time, the government would slowly dispose of the assets. Although this move has the potential to stabilize the financial system, there remains considerable uncertainty about the economic outlook.

Performance of the OCFA’s investment portfolio is directly impacted by changes in interest rates set by the Fed. The OCFA’s investment income steadily decreased throughout Fiscal Year 2007-08 as its investments matured and were reinvested at lower rates. The portfolio’s effective rate of return began at 5.03% but declined to 4.10% by year-end. Investment income represented approximately 2.7% of the OCFA’s revenue during Fiscal Year 2007-08.

The OCFA also received approximately \$4.4 million in federal funding during Fiscal Year 2007-08, which accounted for approximately 1.6% of the OCFA’s total revenues. This revenue was primarily in

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<sup>5</sup> *Economist Expects Fed to Cut Rates at Least a Half-Point*, Barbara Hagenbaugh and Barbara Hansen, USA Today – March 17, 2008

<sup>6</sup> *A Good Step, But There’s a Long Way to Go*, James Cooper, Business Week – September 10, 2008

<sup>7</sup> *Federal Reserve Act, Section 2A – Monetary Policy Objectives*

the form of Urban Search and Rescue reimbursements, grant awards and federal reimbursements for assistance by hire pertaining to fire incidents.

**State Economy:** California experienced a faltering economy during Fiscal Year 2007-08, marked by rising unemployment rates, falling housing prices and greater rates of mortgage defaults.<sup>8</sup> The California economy is the seventh largest in the world<sup>9</sup> and accounts for 13.0% of the U.S. gross domestic product. Economic woes within the state could potentially have significant influences on the greater national economy.<sup>10</sup>

During Fiscal Year 2007-08, California lost 25,900 jobs (most of which were attributed to the state's housing sector) and the unemployment rate steadily increased to 6.8%. The low point for the number of home sales was reached in October 2007, when the median sales price for single-family homes dropped below \$500,000. Since then, housing prices have continued to fall and, as of May 2008, the median home price was approximately \$385,000.<sup>11</sup> In response to rising unemployment, inflation and increased food and energy costs, most California consumers are cutting back on discretionary spending.<sup>12</sup>

The California budget deficit is currently estimated at \$17.2 billion and represents more than 17.0% of the state's General Fund expenditures. The budget deficit is so large that it will likely not be eliminated without raising taxes and cutting spending, which could have further ramifications to the state's economy.<sup>13</sup> California is required to adopt a budget no later than June 30 each year; however, as of mid-September 2008, a balanced budget had yet to be adopted by the state's legislature. Lack of an approved budget prevents state agencies and departments from paying outstanding claims to their vendors and service providers, including the OCFA.

The direct influence of the state economy on the OCFA's financial condition is in the form of reimbursements (including reimbursements for assistance by hire and state mandates) and its contract with the California Department of Forestry (CDF). The state contracts with the OCFA to provide fire suppression services to the State Responsibility Areas (SRA) that are within the OCFA's jurisdiction. Payment of amounts owed to the OCFA by various state agencies as of June 30, 2008, including reimbursement for the October 2007 Santiago Fire, has been significantly delayed due to the deadlock in the state's legislature in adopting a balanced budget for the subsequent fiscal year. Indirect influences by the state economy include changes to workers' compensation law that have resulted in some cost savings and other statutory changes that provide for cost recovery.

**County Economy:** The most significant county economic factor impacting the OCFA is the housing market. Property taxes comprised 67.5% of the OCFA's total revenues in Fiscal Year 2007-08.

Orange County's housing prices, which have more than doubled over the last decade, leveled off in Fiscal Year 2007-08. However, compared to other peer markets, Orange County is still among the most expensive housing markets in the country. In spite of decreasing prices in 2007, the median sales prices

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<sup>8</sup> *What's Next for the Economy? Look at California*, James Saft, Financial Week – May 19, 2008

<sup>9</sup> *California Nightmare for the Global Economy?*, Peter Navarro, San Francisco Chronicle – August 15, 2008

<sup>10</sup> *What's Next for the Economy? Look at California*, James Saft, Financial Week – May 19, 2008

<sup>11</sup> *California Economic Indicators*, California Department of Finance – May/June 2008

<sup>12</sup> *What's Next for the Economy? Look at California*, James Saft, Financial Week – May 19, 2008

<sup>13</sup> *California Nightmare for the Global Economy?*, Peter Navarro, San Francisco Chronicle – August 15, 2008

on existing single-family homes still remained over \$700,000.<sup>14</sup> Property assessments are beginning to stabilize as well. Assessed property values totaled \$409 billion in Fiscal Year 2007-08, an increase of 8.3% over the prior fiscal year. That increase was slightly less than the 11.2% increase experienced in Fiscal Year 2006-07.<sup>15</sup>

Between December 2005 and December 2007, the inventory of Orange County single-family homes and condos more than doubled to approximately 18,000 units. Increasing inventories typically result in lower housing prices. However, even with these high inventory levels, housing prices have continued to remain high. Homeownership remains attainable to a limited share of Orange County's population.<sup>16</sup>

Orange County's cost of living remains one of the highest in the nation, driven primarily by high housing costs. A high cost of living has the potential to make the county less attractive for business and may influence existing businesses and workers to relocate elsewhere.<sup>17</sup>

### **Long-term Financial Planning**

Since its formation in 1995, the OCFA has been preparing multi-year projections of its revenues and expenditures. For the past twelve years, a firm of property tax consultants has been retained to assist in the projection of the OCFA's single largest revenue source – property taxes. With these projections and a collection of conservative assumptions, the OCFA forecasts its financial condition five years into the future. Various scenarios can be developed from the forecast to assess the impact of proposed or impending changes to the budget, the economy or the underlying assumptions. As a result, this tool provides early warning of potential financial difficulties.

### **Relevant Financial Policies**

The OCFA Board of Directors has adopted the following formal budgetary and fiscal policies:

**Financial Stability Budget Policy** – This policy is intended to guide the OCFA budget actions toward maintaining long-term financial stability and to establish designated reserve fund levels and annual funding targets for the General Fund and Capital Improvement Program (CIP) funds.

**Fiscal Health Contingency Plan** – The purpose of this plan is to establish a framework and general process to assure timely and appropriate response to adverse fiscal circumstances. It also includes historical trend analysis of twelve fiscal factors.

**Investment Policy** – This policy is updated annually to reflect changes in legislation and the changing needs of the OCFA. It specifies the types of investments allowed in the OCFA portfolio, as well as the diversification and maturity requirements for investments.

**Roles/Responsibilities/Authorities for the OCFA** – This document identifies those roles and responsibilities that have been retained by the Board, as well as responsibilities that have been delegated.

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<sup>14</sup> 2008 Community Indicators Report – Housing Trends, Orange County Community Indicators Project – March 2008

<sup>15</sup> 2008 Community Indicators Report – Housing Trends, Orange County Community Indicators Project – March 2008

<sup>16</sup> 2008 Community Indicators Report – Housing Trends, Orange County Community Indicators Project – March 2008

<sup>17</sup> 2008 Community Indicators Report – Cost of Living, Orange County Community Indicators Project – March 2008

All authority rests with the Board unless it is delegated by statute or Board action. When delegated, these authorities are further defined by contracts, resolutions, polices and/or other Board actions.

**Accounts Receivable Write-off Policy for Uncollectible Accounts** – This policy establishes the criteria and procedures for requesting uncollectible amounts to be written off.

**Short-term Debt Policy** – This policy establishes guidelines for managing the OCFA’s cash flow position in a fiscally conservative manner through the issuance of short-term debt.

**Emergency Appropriations Policy** – This policy, which was adopted in September 2008, establishes guidelines for increasing appropriations in the event of extraordinary fire or emergency activity following the last Board meeting of the fiscal year.

### **Major Initiatives for Fiscal Year 2007-08**

#### **Strategic Studies:**

- **Fire Prevention Fee Study** – When the fee structure was adopted in 2002, consultants recommended that it be reviewed and updated as needed on a biennial basis to ensure that the fee structure and fees are appropriate. After completion of a comprehensive fee study, an updated Fee Schedule was approved by the Board at their September 2007 meeting.
- **WEFIT Studies** – The OCFA Wellness and Fitness Program (WEFIT) completed the following studies during Fiscal Year 2007-08:
  - A review and re-design of the fire academy’s health and fitness program, with the implementation of more target-specific, job-relevant exercises; and
  - A study of the safety and performance implications of hydration, core body temperature and post-incident rehabilitation.
- **Santiago After Action Report** – The OCFA completed the Santiago After Action Report (AAR) in March 2008 in order to help better prepare for future wildland fires. The AAR offered various recommendations in the areas of mitigation and preparedness, prevention and response. The following recommendations have future financial impact to the OCFA:
  - Increased staffing on wildland engines;
  - Conversion of the seasonal hand crew to year-round status;
  - Accelerated purchase of two new Bell 412EP helicopters; and
  - The impact of changes to the helicopter fleet on the scheduled replacement of Fire Station No. 41 (Fullerton Airport) in Fiscal Year 2008-09.
- **Helicopter Program** – The OCFA began a review of the current helicopter program in Fiscal Year 2007-08. The process includes a review of the new hanger and replacement helicopters, which are currently included in the CIP budget, as well as the identification of future goals for the program.



### **New and Expiring Agreements:**

- **Joint Powers Authority (JPA) Agreement Renewal** – The current JPA term expires on June 30, 2010. A revised and amended JPA agreement, which provides strategic and financial stability to both the OCFA and its member agencies, was renewed by twenty-one of the twenty-three member agencies during Fiscal Year 2007-08. The remaining two members have until June 30, 2010, to take action regarding the JPA renewal.

### **Disaster Preparedness:**

- **Countywide Interoperability Projects** – Over the past several years, the Orange County Fire Chiefs Association (OCFCA) has been working on initiatives and projects that mutually benefit all areas of the county, including projects that improve interoperability among fire departments through the use of enhanced technology. In Fiscal Year 2007-08, the OCFA was designated as the lead agency for two grant-funded projects – Phase 2 of a Countywide Public Safety Geographic Information System (GIS) Project and a Regional Automatic Vehicle Locator (AVL) Interoperability Project. Both of those projects were completed and placed into service during Fiscal Year 2007-08.
  - The GIS project provides infrastructure for the linking and sharing of land base data with other fire departments and agencies in Orange County.
  - The AVL project provides for the dispatch of the closest available resources.

### **Staffing and Personnel:**

- Staffing of new Fire Station No. 27 (Portola Springs) with three Fire Captains, three Fire Apparatus Engineers and nine Firefighters was completed in Fiscal Year 2007-08. In addition, a Fire Captain position was added for the Wellness and Fitness (WEFIT) program, which was originally started as a pilot program with temporary staffing.
- An Open Entry Level Firefighter Recruitment was necessary in Fiscal Year 2007-08 to replace retiring employees. This process established an eligible list for future fire academies. Approximately 2,000 candidates completed the written test process in June 2008 and approximately 280 of those candidates were interviewed in August 2008.
- As part of the OCFA's ongoing succession planning to replace retiring employees, numerous promotional tests and academies were completed in Fiscal Year 2007-08. In addition to the completion of internal promotional tests for Division Chief, Fire Apparatus Engineer and Firefighter positions, the following academies graduated during Fiscal Year 2007-08:
  - Two Firefighter Academies
  - One Firefighter Reserve Academy
  - One Fire Apparatus Engineer Academy
  - Two Fire Captain Academies

### **Fire Station Construction:**

- Developer-constructed Replacement Fire Station No. 38 (Irvine) and new Fire Stations No. 27 (Portola Springs) and No. 55 (Orchard Hills) were completed and placed into operation during Fiscal Year 2007-08. Existing Fire Station No. 38 was demolished in August 2008 after construction of the replacement station was completed on the adjacent parcel.
- The Irvine Company completed construction of a temporary facility for new Fire Station No. 20 (Irvine) during Fiscal Year 2007-08.

### **Major Initiatives for the Future**

**Strategic Studies:** The following strategic studies will be undertaken and/or implemented in Fiscal Year 2008-09. As recommendations are implemented from each study, revenues and cost recovery areas may be enhanced and additional expenditure needs may be identified.

- **Five-Year Strategic Plan** – The OCFA’s Strategic Plan provides long-term direction and focus to the organization, as well as performance standards by which progress may be measured. The Strategic Plan was initially adopted in August 2001 and has been updated annually since Fiscal Year 2003-04. During Fiscal Year 2007-08, the OCFA began the process of the five-year update, which includes the development of new objectives to reflect the changing environment in which the OCFA operates. It is anticipated that the updated Five-Year Strategic Plan will be completed during Fiscal Year 2008-09.
- **Accreditation Process** – The OCFA has applied to the Commission on Fire Accreditation International (CFAI) for accreditation, which is a self-assessment process validated by an external assessment team. The accreditation process, which will coincide with the Strategic Plan, will require the OCFA to address 244 performance indicators in an effort toward becoming more goal-oriented, organized and properly equipped, staffed and trained.
- **Fire Prevention Action Plan** – The OCFA has established a priority to develop and adopt a plan to transform the traditional fire prevention program from a regulatory, mandate-driven program to one that is dynamic and targets specific communities at risk in order to reduce loss of life, injuries and property damage.

### **Staffing and Personnel:**

- As recommended by the Santiago After Action Report, the following staffing changes may be implemented in Fiscal Year 2008-09, pending updated financial reviews that will occur mid-year:
  - Nine Firefighters to provide increased staffing on three wildland engines.
  - The seasonal hand crew will convert to regular positions in January 2009.
- Staffing of new temporary Fire Station No. 20 (Irvine) with six Fire Captains, six Fire Apparatus Engineers and twelve Firefighters will be completed in Fiscal Year 2008-09.

- As part of our succession planning strategic initiative, the following fiscal year will include two Firefighter Academies, as well as additional academies for other ranks and internal promotional tests as needed.

**Fire Station Construction:**

- OCFA began the planning and design phase of Replacement Fire Station No. 17 (Cypress) during Fiscal Year 2007-08. The new facility will be constructed on a property adjacent to the existing fire station and will house an engine company, truck company and paramedic unit. Construction is expected to begin in November 2008 and will be completed during Fiscal Year 2009-10.
- The OCFA is also scheduled to commence the planning and design phase of the following fire stations during Fiscal Year 2008-09:
  - Replacement Specialty Fire Station No. 41 (Fullerton Airport)
  - Replacement Fire Station No. 18 (Trabuco Canyon)
- The cities of Stanton, Seal Beach and San Clemente are currently in the planning and design phase of Replacement Fire Stations No. 46 (Stanton), No. 48 (Seal Beach) and No. 60 (San Clemente), respectively. Construction of all three stations is expected to be completed during Fiscal Year 2009-10 at no cost to the OCFA.

**Awards and Acknowledgments**

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the OCFA for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2007. This was the tenth consecutive year that the OCFA has received this prestigious award. In order to be awarded this certificate, a government must publish an easily readable and efficiently organized CAFR. This report satisfied both GAAP and the applicable legal requirements. This certificate is valid for a period of one year only. We believe that our current CAFR continues to meet the program's requirements and we are submitting it to the GFOA to determine its eligibility for this year's award.

The timely preparation of the Comprehensive Annual Financial Report was made possible by the dedicated efforts of all departments of the OCFA, especially the staff of the Finance Division. We sincerely appreciate and acknowledge the support and direction provided by the accounting firm of Mayer Hoffman McCann, P.C., in preparing the OCFA CAFR. We would also like to express our appreciation to the Board of Directors and the OCFA Budget and Finance Committee for their leadership and support in planning and conducting the financial operations of the OCFA in a responsible and progressive manner.

Respectfully submitted,

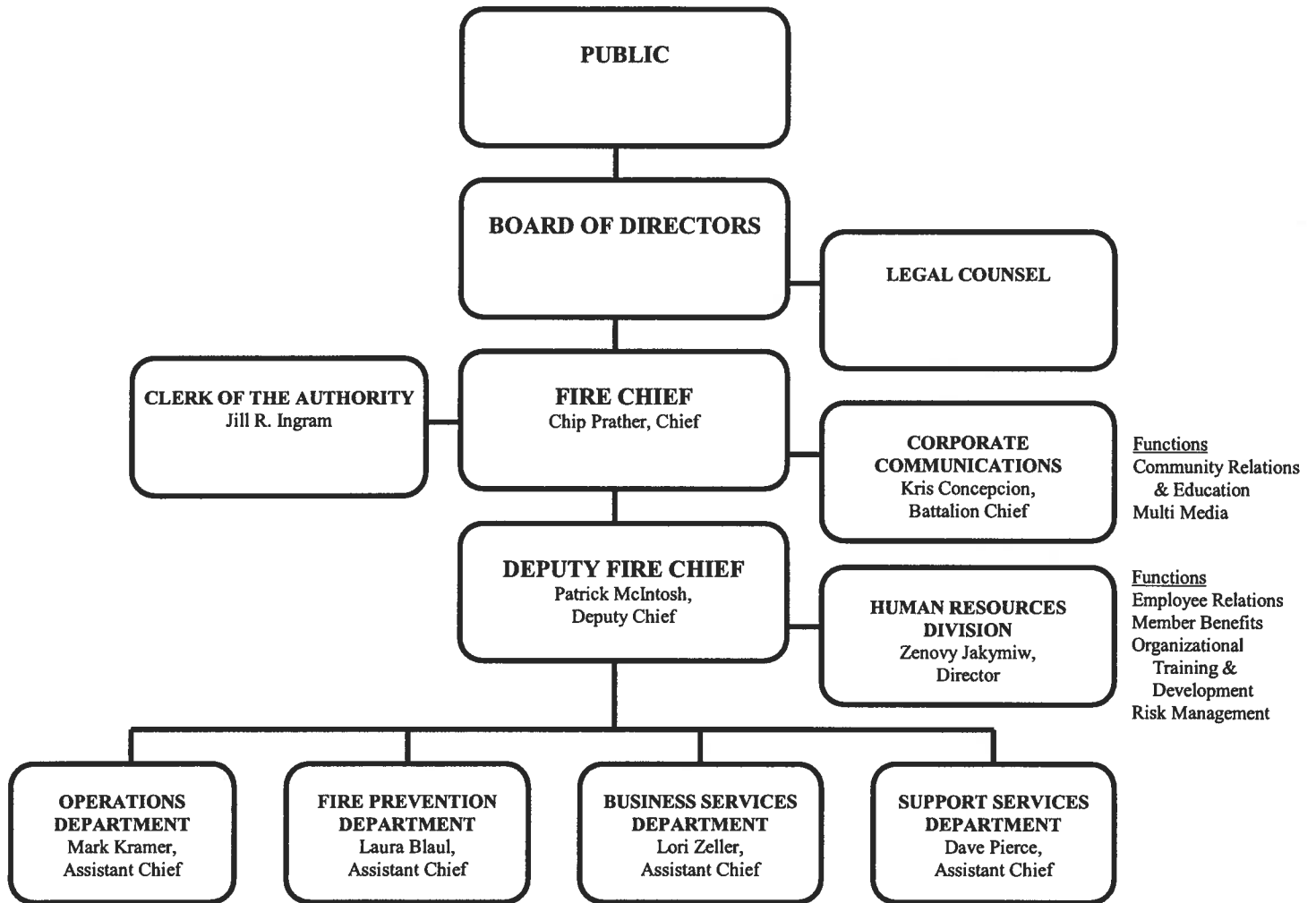


Chip Prather, Fire Chief



Lori Zeller, Assistant Chief  
Business Service Department

**ORANGE COUNTY FIRE AUTHORITY  
 Organization Chart**



Functions  
 Community Relations  
 & Education  
 Multi Media

Functions  
 Employee Relations  
 Member Benefits  
 Organizational  
 Training &  
 Development  
 Risk Management

Functions  
 Division I  
 Battalions 1 & 8  
 Division II  
 Battalion 5 & JWA  
 Division III  
 Battalions 6 & 7  
 Division IV  
 Battalions 2 & 3  
 Division V  
 Battalion 4 & USAR  
 Operations Support Division  
 Community Volunteer  
 Services  
 Emergency Communications  
 Center  
 Emergency Medical Services  
 Emergency Planning &  
 Coordination  
 Special Operations  
 Training & Safety

Functions  
 Investigation Services  
 Planning and Development  
 Services  
 Risk Analysis & Mitigation  
 Evaluation  
 Safety & Environmental Services

Functions  
 Finance Division  
 Information Technology Division  
 Purchasing & Materiel  
 Management  
 Treasury & Financial Planning

Functions  
 Fleet Services  
 Legislative Services  
 Property Management  
 Strategic Services

**ORANGE COUNTY FIRE AUTHORITY  
Management Staff and Appointed Officials  
June 30, 2008**

Charles “Chip” Prather                      Fire Chief

Patrick McIntosh                              Deputy Fire Chief

---

Mark Kramer                                  Assistant Chief  
Operations Department

Dave Pierce                                    Assistant Chief  
Support Services Department

Lori Zeller                                     Assistant Chief  
Business Services Department

Laura Blaul                                    Assistant Chief  
Fire Prevention Department

---

Jill R. Ingram                                  Appointed – Clerk of the Authority

Jim Ruane                                      Appointed – Auditor

Patricia Jakubiak                              Appointed – Treasurer

---

Woodruff, Spradlin, & Smart                  General Counsel



**ORANGE COUNTY FIRE AUTHORITY  
Organization of Board of Directors**

The Orange County Fire Authority Board of Directors has twenty-four members. Twenty-two of the members represent partner cities and two members represent the county unincorporated area. The Board of Directors meets bimonthly. The Board established an Executive Committee, which meets monthly. The Board also established a standing Budget and Finance Committee to address finance and budget policy issues. The Chair of the Board makes appointments to the Committee on an annual or as-needed basis. Following are descriptions of each committee.

The **Executive Committee** conducts all business of the OCFA, with the exception of policy issues, including labor relations, budget issues and other matters specifically retained by the Board of Directors.

The Executive Committee consists of no more than nine members of the Board of Directors. The committee membership is comprised of the following designated positions: the Chair and Vice Chair of the Board of Directors, the immediate past Chair of the Board and the Chair of the Budget and Finance Committee. In addition, the Chair appoints five at-large members. At least one member of the Board of Supervisors serves on this committee. In addition, the ratio of committee members representing cash contract cities to the total committee membership will be as close as reasonably possible to the ratio of the number of cash contract cities to total member agencies. The Chair of the City Managers Technical Advisory Committee serves as an ex officio non-voting member of the Executive Committee.

The **Budget and Finance Committee** advises staff and makes recommendations to the Board of Directors on matters related to financial and budget policies, development of budgets for the General Fund and capital expenditures, designations of reserves, budget balancing measures, evaluation and development of plans to meet long-term financing needs, investment oversight and purchasing policies. The Chair of the City Manager Budget and Finance Committee serves as an ex officio non-voting member of this committee. Effective beginning the year ended June 30, 2006, the Budget and Finance Committee was also designated to serve as the OCFA's audit oversight committee.

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

Orange County  
Fire Authority, California

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2007

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



*Charles S. Cox*

President

*Jeffrey R. Emer*

Executive Director

# FINANCIAL



## SECTION

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- *The Santiago Fire was the largest wildland fire in terms of acreage that the Orange County Fire Authority has faced in the past 30 years.*
- *The fire was challenging and complex due to the interface area in which it burned, the age of the fuels and the sustained extreme wind event that drove the fire.*
- *The Santiago Fire ultimately burned 28,517 acres with a total of 42 structures destroyed. Estimated damage was \$27.5 million. Fortunately, there were no deaths or serious injuries to civilians or firefighters.*



**Mayer Hoffman McCann P.C.**

An Independent CPA Firm

2301 Dupont Drive, Suite 200  
Irvine, California 92612  
949-474-2020 ph  
949-263-5520 fx  
www.mhm-pc.com

Board of Directors  
Orange County Fire Authority  
Irvine, California

## **INDEPENDENT AUDITORS' REPORT**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Orange County Fire Authority ("OCFA"), California, as of and for the year ended June 30, 2008, which collectively comprise the OCFA's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the management of the OCFA. Our responsibility is to express opinions on these financial statements based on our audit. The financial statements of the OCFA as of June 30, 2007, were audited by other auditors whose report dated October 16, 2007, expressed an unqualified opinion on those statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the OCFA, as of June 30, 2008, the respective changes in financial position and the respective budgetary comparison information for the general fund and major special revenue funds of the OCFA for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described further in Note 17 to the financial statements, the OCFA changed its method of accounting for postemployment benefits for fiscal years ending on or after June 30, 2008.

The information identified in the accompanying table of contents as *management's discussion and analysis* is not a required part of the basic financial statements, but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the OCFA's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.



Board of Directors  
Orange County Fire Authority  
Irvine, California

In accordance with *Government Auditing Standards*, we have also issued a report dated October 17, 2008 on our consideration of the OCFA's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

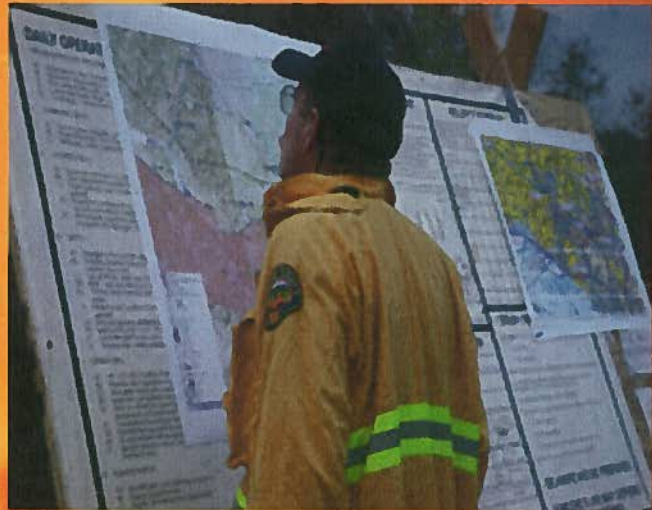
*Mayer Hoffman McCann P.C.*

Irvine, California  
October 17, 2008



# *Management's Discussion & Analysis*

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## *Santiago Fire Response*

On Sunday, October 21, 2007, the OCFA responded to a vegetation fire in the area of Santiago Canyon Road and Silverado Canyon Road. The response time for the first arriving unit was 5 minutes, 25 seconds. The fire spread 3 miles in less than 20 minutes and continued to grow as winds gusted to hurricane force. At the peak of the Santiago Fire, there were almost 2,000 fire personnel from 170 different agencies and 330 deputies and police officers from 5 local law enforcement agencies assigned to the incident.

## ORANGE COUNTY FIRE AUTHORITY

### Management's Discussion and Analysis

Year ended June 30, 2008

As management of the Orange County Fire Authority (OCFA), we offer readers of the OCFA's financial statements this overview and analysis of the financial activities for the fiscal year ended June 30, 2008.

#### Financial Highlights

- The assets of the OCFA exceeded its liabilities by \$295,211,565 at the end of the current fiscal year. Net assets consisted of investments in capital assets, net of related debt, in the amount of \$163,340,815 (55.4%); amounts restricted for debt service totaling \$11,331,122 (3.8%); and unrestricted net assets in the amount of \$120,539,628 (40.8%).
- The OCFA's total net assets increased by \$48,101,878 over the prior fiscal year. This increase was primarily attributable to property tax revenues (increased by approximately \$15.9 million) and capital grants and contributions (increased by approximately \$17.9 million). Capital grants and contributions included three developer-contributed fire stations placed into service during Fiscal Year 2007-08.
- As of the close of the current fiscal year, the OCFA's governmental funds showed combined ending fund balances totaling \$158,493,741, an increase of \$22,787,830 over the prior fiscal year. Of the total ending fund balance, approximately \$148,527,358 (93.7%) was available for funding future operational needs (unreserved fund balance).
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$60,436,769, or 26.9 % of total General Fund expenditures. A total of \$24,461,635 was designated for the Board-directed 10% operating contingency; \$28,316,776 was designated for workers' compensation; and \$621,511 was designated for training and education.

#### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the OCFA's basic financial statements. The basic financial statements are comprised of the following three components: (1) government-wide financial statements, (2) fund financial statements and (3) notes to the financial statements. This financial report also contains other supplementary information in addition to the basic financial statements.

**Government-wide Financial Statements.** The *government-wide financial statements* are designed to provide readers with a broad overview of the OCFA's finances, in a manner similar to a private-sector business. The government-wide financial statements can be found on pages 17-18 of this report.

The *Statement of Net Assets* presents information on all of the OCFA's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the OCFA is improving or deteriorating.

The *Statement of Activities* presents information showing how the OCFA's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave.)

The government-wide financial statements present activities of the OCFA that are principally supported by taxes and charges for services. The OCFA provides services for fire protection, emergency medical, fire prevention, safety, rescue and hazardous materials response services.

**Fund Financial Statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The OCFA, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the OCFA are divided into two broad categories – governmental funds and fiduciary funds.

**Governmental Funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. The basic governmental fund financial statements can be found on pages 20-30 of this report.

Because the focus of government funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the OCFA's near-term financial decisions. Both the *Balance Sheet* of governmental funds and the *Statement of Revenues, Expenditures and Changes in Fund Balances* of governmental funds provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The OCFA maintains seven individual governmental funds. Information is presented separately for each major fund on the *Balance Sheet* of governmental funds and on the *Statement of Revenues, Expenditures and Changes in Fund Balances* of governmental funds. The OCFA's four major funds for the current fiscal year include the General Fund, Communications & Information Systems Fund, Vehicle Replacement Fund and Capital Projects Fund. Data from the other three governmental funds are combined into a single, aggregated presentation located on the governmental fund financial statements. The OCFA's three nonmajor funds for the current fiscal year included the Facilities Maintenance & Improvements Fund, Structural Fire Entitlement Fund and Debt Service Fund. Individual fund data for each of these nonmajor governmental funds is provided in the combining statements located in the accompanying Supplementary Schedules section.

The OCFA adopts an annual appropriated budget for its governmental funds. Budgetary comparison statements and schedules have been provided for the governmental funds to demonstrate compliance with this budget.



**Fiduciary Funds.** *Fiduciary funds* are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the OCFA's own programs. Combined basic fiduciary fund financial statements can be found on pages 31-32 of this report.

**Notes to the Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 33-60 of this report.

**Supplementary Schedules.** The combining statements referred to earlier in connection with nonmajor governmental funds are presented in the Supplementary Schedules section. Combining and individual fund statements and schedules can be found on pages 61-73 of this report.

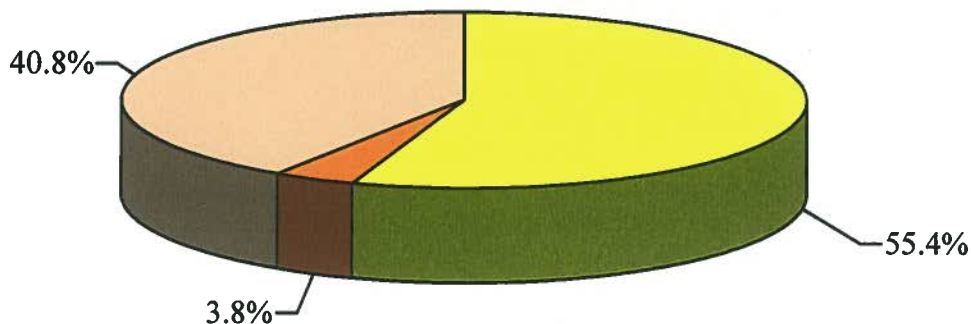
**Government-wide Financial Analysis**

**Net Assets.** Net assets may serve over time as a useful indicator of a government's financial position. The OCFA's net assets totaled \$295,211,565 at the end of the current fiscal year, a 19.8% increase over the prior fiscal year. Following is a summary of the government-wide Statement of Net Assets:

**ORANGE COUNTY FIRE AUTHORITY  
 Net Assets of Governmental Activities  
 Current and Prior Fiscal Years**

	<u>June 30, 2008</u>	<u>June 30, 2007</u>	<u>Increase (Decrease)</u>	
			<u>Amount</u>	<u>%</u>
<b>Assets:</b>				
Current and other assets	\$ 174,491,172	\$ 149,870,056	\$ 24,621,116	16.4%
Capital assets	176,965,929	152,452,939	24,512,990	16.1%
Total assets	<u>351,457,101</u>	<u>302,322,995</u>	<u>49,134,106</u>	16.3%
<b>Liabilities:</b>				
Long-term liabilities	43,272,972	45,675,194	(2,402,222)	-5.3%
Other liabilities	12,972,564	10,132,876	2,839,688	28.0%
Total liabilities	<u>56,245,536</u>	<u>55,808,070</u>	<u>437,466</u>	0.8%
<b>Net assets:</b>				
Invested in capital assets, net of related debt	163,340,815	138,193,654	25,147,161	18.2%
Restricted	11,331,122	15,179,905	(3,848,783)	-25.4%
Unrestricted	120,539,628	93,141,366	27,398,262	29.4%
Total net assets	<u>\$ 295,211,565</u>	<u>\$ 246,514,925</u>	<u>\$ 48,696,640</u>	19.8%

**Net Assets of Governmental Activities at June 30, 2008**



■ Invested in Capital Assets (Net of Related Debt)	■ Restricted	■ Unrestricted
--	--------------	----------------

- The largest portion of the OCFA’s net assets (55.4%) reflects its investment in capital assets, less any related outstanding debt used to acquire those assets. The OCFA uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the OCFA’s investment in its capital assets is reported net of related debt, it should be noted that the repayment of any debt issued to acquire capital assets must be from other sources. The OCFA cannot sell the assets to obtain funding.
- An additional portion of the OCFA’s net assets (3.8%) represents resources that are subject to external restrictions on how they may be used. Restricted net assets are reported in connection with the OCFA’s governmental activities. The restricted net assets were established due to requirements of the revenue bonds issued for the construction of the Regional Fire Operations and Training Center. During Fiscal Year 2004-05, a significant portion of reserves were reallocated to the Debt Service Fund in order to fully pre-fund the future debt payments on the 2001 revenue bonds, which resulted in a significant increase in restricted net assets. The \$3,848,783 decrease in restricted net assets from the prior fiscal year is caused primarily by debt payments made during the current fiscal year.
- The remaining balance of net assets is considered unrestricted (40.8%) and may be used to meet the OCFA’s ongoing obligations to citizens and creditors. At the end of the current and prior fiscal years, the OCFA reported positive balances in all three categories of net assets.

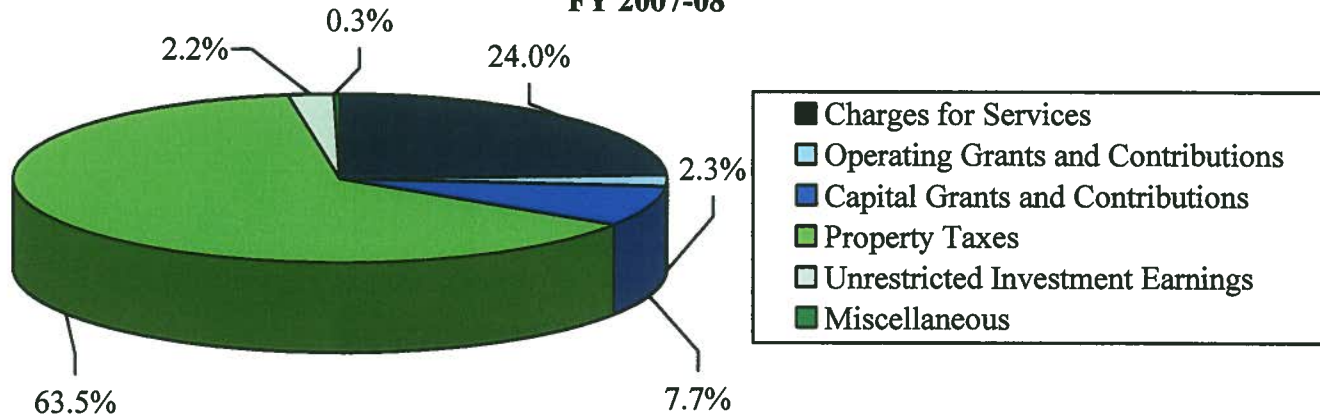
**Changes in Net Assets.** For the year ended June 30, 2008, the net assets of the OCFA increased by \$48,101,878, an indication that its financial position improved during the year. Following is a summary of the government-wide Statement of Activities:



**ORANGE COUNTY FIRE AUTHORITY**  
**Changes in Net Assets of Governmental Activities**  
**Current and Prior Fiscal Years**

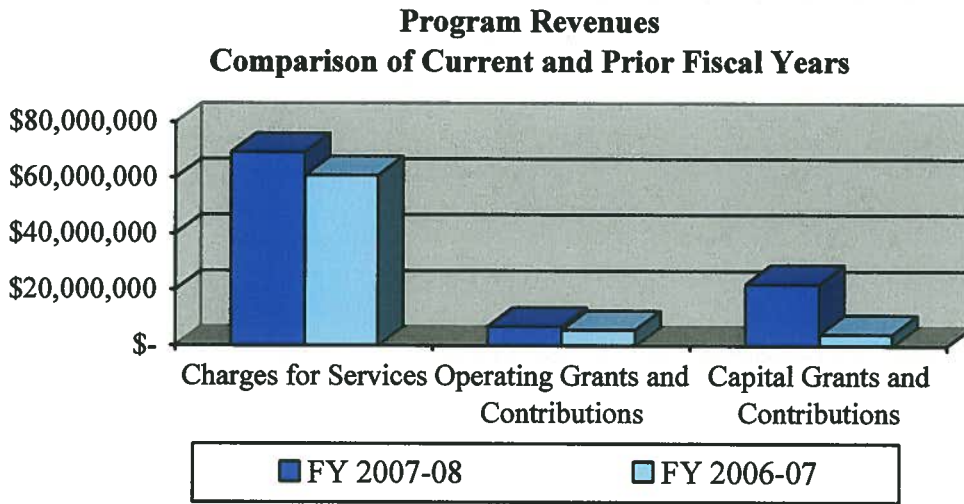
	FY 2007-08	FY 2006-07	Increase (Decrease)	
			Amount	%
<b>Program revenues:</b>				
Charges for services	\$ 69,187,051	\$ 60,970,377	\$ 8,216,674	13.5%
Operating grants and contributions	6,835,746	5,698,327	1,137,419	20.0%
Capital grants and contributions	22,092,218	4,172,358	17,919,860	429.5%
<b>General revenues:</b>				
Property taxes	182,536,717	166,639,162	15,897,555	9.5%
Unrestricted investment earnings	6,295,464	7,912,428	(1,616,964)	-20.4%
Miscellaneous	730,733	903,992	(173,259)	-19.2%
<b>Total revenues</b>	<b>287,677,929</b>	<b>246,296,644</b>	<b>41,381,285</b>	<b>16.8%</b>
<b>Public safety expenses:</b>				
Salaries and benefits	199,095,873	187,129,443	11,966,430	6.4%
Services and supplies	31,669,603	27,139,113	4,530,490	16.7%
Depreciation	7,399,902	7,000,915	398,987	5.7%
Interest on long-term debt	1,410,673	1,871,983	(461,310)	-24.6%
<b>Total expenses</b>	<b>239,576,051</b>	<b>223,141,454</b>	<b>16,434,597</b>	<b>7.4%</b>
Change in net assets	48,101,878	23,155,190	24,946,688	107.7%
Net assets, beginning of year	246,514,925	223,359,735	23,155,190	10.4%
Prior period adjustment	594,762	-	594,762	100.0%
<b>Net assets, end of year</b>	<b>\$ 295,211,565</b>	<b>\$ 246,514,925</b>	<b>\$ 48,696,640</b>	<b>19.8%</b>

**Revenues of Governmental Activities**  
**FY 2007-08**

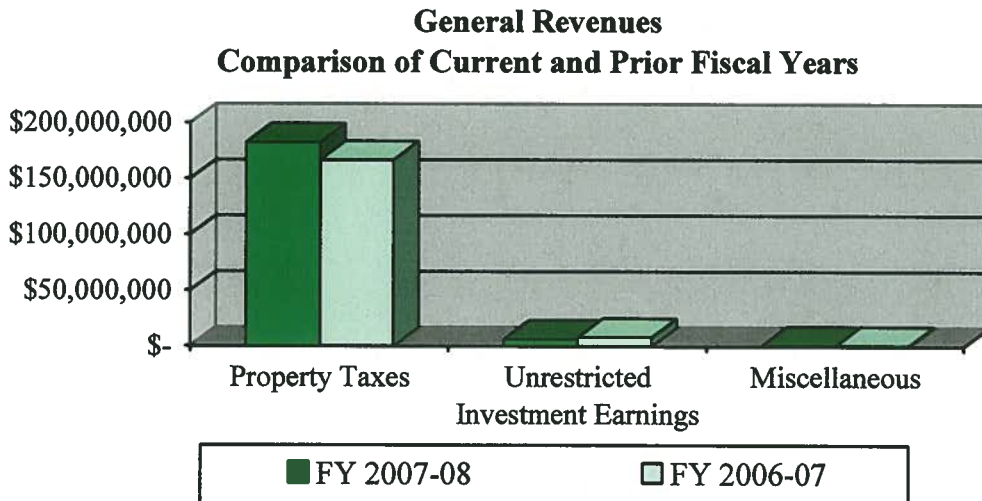


- Program revenues in the amount of \$98,115,015 accounted for 34.0% of total revenues.
  - Charges for services include amounts received from those who purchase, use or directly benefit from or are affected by a program. These revenues increased by \$8,216,674 (13.5%) over the prior fiscal year and accounted for 24.0% of total revenues.
    - The increase in charges for services was primarily due to approximately \$7.5 million of additional assistance by hire services performed for the California Department of Forestry (CDF); the Office of Emergency Services (OES); and the Federal Emergency Management Agency (FEMA). Significant fire incidents claimed for reimbursement during FY 2007-08 included the Santiago Fire in October 2007 and various June 2008 fires located in Northern California.
    - Cash contract city charges and ambulance fees increased by approximately \$1.4 million. Other fire services contracts with John Wayne Airport and CDF also increased by approximately \$600,000.
    - Revenues pertaining to disclosure, inspection and plan check fees decreased by approximately \$1.3 million.
  - Operating grants and contributions include grants, contributions, donations and similar items that are restricted to one or more specific program. These revenues increased by \$1,137,419 (20.0%) from the prior fiscal year and accounted for 2.3% of total revenues.
    - The increase in operating grants and contributions was primarily due to approximately \$1.5 million reimbursed from the County of Orange for underground storage tank cleanup.
    - Revenues from state and federal grants decreased by approximately \$900,000, including declining reimbursements for the Urban Search and Rescue Program, the Urban Areas Security Initiative and the State Homeland Security Grant Program.
    - Donations and other revenue sources that were previously accounted for in the Miscellaneous Trust Fund, (which was excluded from the OCFA's governmental activities) were included in operating grants and contributions beginning in FY 2007-08. These revenues included approximately \$300,000 from various corporate and individual donors, the California Joint Apprenticeship Committee and other sources.
  - Capital grants and contributions include grants, contributions, donations and similar items that are restricted to one or more specific capital-related programs. These revenues increased by \$17,919,860 (429.5%) over the prior fiscal year and accounted for 7.7% of total revenues.
    - The increase in capital grants and contributions was primarily due to approximately \$18.6 million in capital assets received from developers and other sources, as compared to approximately \$1.2 million received in the prior year. During FY 2007-08, three fire stations contributed by The Irvine Company (Fire Stations No. 27, 38 and 55) were placed into service and were valued at approximately \$17.9 million. Other contributed

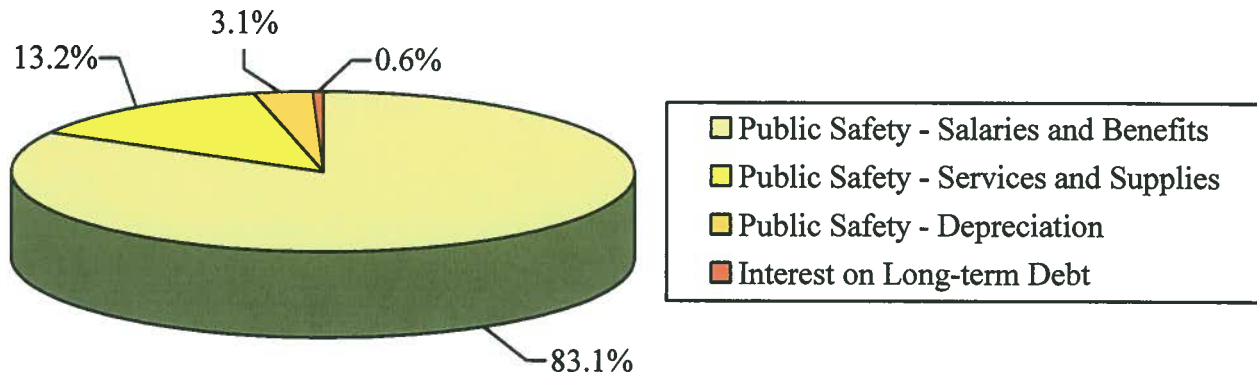
assets totaled approximately \$700,000 and included hazardous materials equipment, ten vehicles and four thermal imaging cameras.



- General revenues include all revenues that do not qualify as program revenues, such as taxes, investment earnings, gains on sale of capital assets and other miscellaneous revenues. General revenues totaled \$189,562,914 in FY 2007-08 and accounted for 66.0% of total revenues.
  - The largest general revenue, property taxes, increased by \$15,897,555 (9.5%) over the prior fiscal year due to increased property values. Property taxes accounted for 63.5% of total revenues.
  - Other general revenues, which included unrestricted investment earnings and miscellaneous revenues, decreased by \$1,790,223 and accounted for 2.5% of total revenues.



**Expenses of Governmental Activities  
FY 2007-08**



- Total expenses increased by \$16,434,597 (7.4%) over the prior fiscal year.
  - Salaries and benefits increased by \$11,966,430 (6.4%) over the prior fiscal year and accounted for 83.1% of total expenses. A significant portion of overtime costs, which increased by approximately \$7.5 million, was attributed to the Santiago Fire and other reimbursable fire incidents.
  - Services and supplies increased by \$4,530,490 (16.7%) over the prior year and accounted for 13.2% of total expenses. Fuel costs and mileage reimbursements increased by approximately \$700,000 over the prior year. Other significant FY 2007-08 expenses included the purchase of fire deployment shelters, the implementation of Sharepoint (the OCFA intranet), the Regional GIS Mapping Project and reimbursements to the City of Irvine for eligible service enhancements.
  - Depreciation expense, which had no impact on the OCFA's cash balances, increased by \$398,987 (5.7%) and accounted for 3.1% of total expenses. A significant portion of the increase was attributed to three new fire stations and sixteen new Type I Engines that were placed into service during FY 2007-08.
  - Interest on long-term debt decreased by \$461,310 (24.6%) from the prior year and accounted for 0.6% of total expenses. The decrease was due primarily to interest on the annual TRAN, which decreased by approximately \$300,000.

**Financial Analysis of the OCFA's Funds**

As noted earlier, the OCFA uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds.** The focus of the OCFA's *governmental funds* is to provide information on near-term inflows, outflows and balances of *spendable* resources. Such information is useful in assessing the OCFA's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for funding future operational needs.

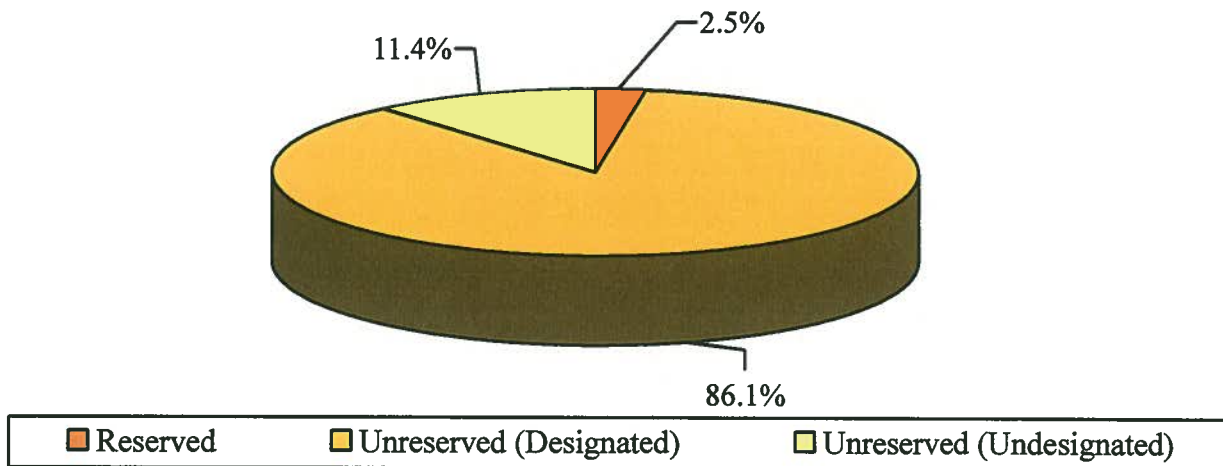
As of the end of the current fiscal year, the OCFA's governmental funds reported combined ending fund balances of \$158,493,741, an increase of \$22,787,830 in comparison with the prior fiscal year.

- **Unreserved fund balance**, which is the portion of fund balance available for funding future operational needs, totaled \$148,527,358 (93.7%). Unreserved fund balance includes \$132,973,852 that is designated for specific purposes such as capital improvement program, workers' compensation, the 10% operating contingency for emergencies and economic uncertainties, training and education, future service enhancements and debt service. The portion of unreserved fund balance that was undesignated totaled \$15,553,506.
- **Reserved fund balance**, which is the portion of fund balance that is not available for new spending, totaled \$9,966,383 (6.3%). Reserved fund balance has already been committed as follows: (1) \$6,036,719 to liquidate contracts and purchase orders of the prior period, (2) \$2,806,000 to pay debt service and (3) \$1,123,664 to fund costs that were prepaid during the current fiscal year.

**Major Governmental Funds.** If the assets, liabilities, revenues or expenditures of a governmental fund exceed 10% of the total of all governmental funds, that fund is reported as a major governmental fund in the accompanying fund financial statements. The OCFA reported four major funds during the current fiscal year.

- The **General Fund** is the chief operating fund of the OCFA. At the end of the current fiscal year, fund balance totaled \$61,956,730, of which \$60,436,769 (97.5%) was unreserved and \$1,519,961 (2.5%) was reserved for encumbrances and prepaid costs.

**Fund Balances of the General Fund at June 30, 2008**



- As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. General Fund expenditures totaled \$225,081,230 in the current fiscal year. Unreserved fund balance equaled 26.9% of total General Fund expenditures, while total fund balance equaled 27.5% of that same amount.

- A portion of the General Fund's unreserved fund balance totaling \$53,399,922 was considered designated. OCFA policy modified by the Board on November 18, 2004, requires the establishment of an operating contingency designation set at 10% of the total operating expenditures, excluding grant-funded expenditures. The purpose of the operating contingency designation is to provide for emergencies and economic uncertainties. The total amount of the General Fund's fund balance designated for the operating contingency at the end of the current fiscal year was \$24,461,635. Additionally, \$28,316,776 was designated for workers' compensation claims and \$621,511 was designated for training and education.
- Total fund balance of the OCFA's General Fund increased by \$5,566,899 during the current fiscal year. The prior year's fund balance increased by \$5,312,366, a difference of \$254,533. As compared to the prior year, the General Fund:
  - Recognized approximately \$6.8 million more in intergovernmental revenue (primarily due to reimbursement claims for the Santiago Fire);
  - Earned approximately \$1.0 million less in interest income; and
  - Transferred out approximately \$7.2 million more to other funds.
- The *Communications & Information Systems Fund* had a total fund balance of \$20,311,895 at the end of the current fiscal year, of which \$20,022,159 (98.6%) was unreserved and \$289,736 (1.4%) was reserved for encumbrances.
  - Total fund balance increased by \$1,808,071 during the current fiscal year. The prior year's fund balance increased by \$4,207,885, a difference of \$2,399,814. As compared to the prior year, the Communications & Information Systems Fund:
    - Incurred approximately \$1.0 million more in services and supplies expenditures (primarily due to the Sharepoint and Regional GIS Mapping projects); and
    - Transferred in approximately \$1.9 million less from other funds.
- The *Vehicle Replacement Fund* had a total fund balance of \$41,228,321 at the end of the current fiscal year, of which \$36,451,781 (88.4%) was unreserved and \$4,776,540 (11.6%) was reserved for encumbrances and prepaid costs.
  - Fund balance reserved for encumbrances pertained to purchase orders issued for various fire apparatus, including eleven 4x4 Wildland Fire Engines and a Caterpillar D6T.
  - Total fund balance increased by \$6,159,068 during the current fiscal year. The prior year's fund balance increased by \$16,155,559, a difference of \$9,996,491. As compared to the prior year, the Vehicle Replacement Fund:
    - Recognized approximately \$400,000 more in charges for services from cash contract cities;
    - Incurred approximately \$9.3 million more in capital outlay for the purchase of various fire apparatus; and
    - Transferred in approximately \$1.1 million less from other funds.
- The *Capital Projects Fund* had a total fund balance of \$17,194,635 at the end of the current fiscal year, of which \$16,718,235 (97.2%) was unreserved and \$476,400 (2.8%) was reserved for encumbrances.



- Total fund balance increased by \$11,583,510 during the current fiscal year. The prior year's fund balance decreased by \$6,776,273, a difference of \$18,359,783. As compared to the prior year, the Capital Projects Fund:
  - Recognized approximately \$900,000 more in developer contributions (for Fire Stations No. 27, 38 and 55 and the Irvine Business Center);
  - Incurred approximately \$5.3 million less in capital outlay for the prior year construction of three fire stations – Fire Stations No. 39 (Laguna Niguel), No. 19 (Lake Forest) and No. 29 (Dana Point);
  - Transferred in approximately \$9.6 million more from other funds; and
  - Transferred out approximately \$1.8 million less to other funds.

**General Fund Budgetary Highlights**

Total appropriations in the General Fund increased during this fiscal year by \$19,722,001 and are summarized as follows:

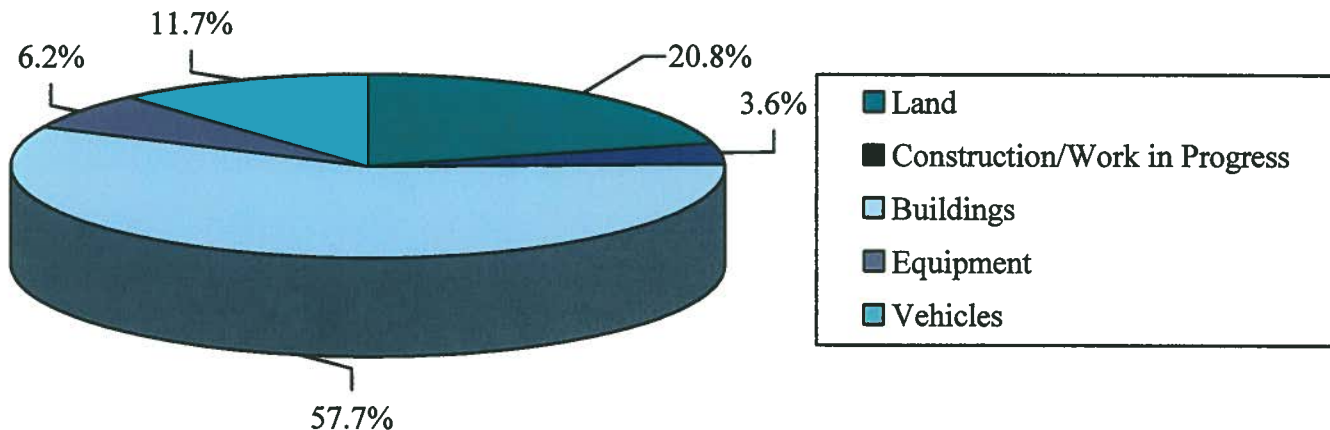
Salaries and benefits	\$ 7,862,005
Services and supplies	1,517,166
Capital outlay	332,960
Interest and fiscal charges	(323,202)
Transfers out	<u>10,333,072</u>
Total increase to General Fund appropriations	<u>\$19,722,001</u>

Portions of this increase in General Fund appropriations were funded by net increases to budgeted revenues totaling approximately \$15 million, which included increases to budgeted property tax revenue and budgeted intergovernmental revenues.

**Capital Assets and Debt Administration**

**Capital Assets.** The OCFA's investment in capital assets for its government activities at the end of the current fiscal year totaled \$176,965,929 (net of accumulated depreciation). This investment in capital assets includes land, buildings, equipment, vehicles, work in progress and construction in progress.

**Capital Assets, Net of Accumulated Depreciation at June 30, 2008**





Net capital assets increased over the prior fiscal year by \$24,440,017 (16.0%). Following is a summary of net capital assets by type for the current and prior fiscal year.

**ORANGE COUNTY FIRE AUTHORITY**  
**Capital Assets Net of Accumulated Depreciation**

	Governmental Activities			
	FY 2007-08	(Restated) FY 2006-07	Increase (Decrease)	
			Amount	%
Land	\$ 37,397,850	\$ 33,647,850	\$ 3,750,000	11.1%
Construction in progress	60,091	734,251	(674,160)	-91.8%
Work in progress	3,439,785	315,460	3,124,325	990.4%
Buildings	103,764,548	91,312,891	12,451,657	13.6%
Equipment	11,235,151	10,578,749	656,402	6.2%
Vehicles	21,068,504	15,936,711	5,131,793	32.2%
Total, net	<u>\$ 176,965,929</u>	<u>\$ 152,525,912</u>	<u>\$ 24,440,017</u>	16.0%

Major capital asset additions during the current fiscal year included the following:

- Land and building additions pertained to the completion of replacement Fire Station No. 38 (Irvine) and new Fire Stations No. 27 (Portola Springs) and No. 55 (Orchard Hills). Fire Station No. 38 was built on OCFA-owned land adjacent to the existing station, which was subsequently demolished in August 2008. All three stations were constructed by The Irvine Company and contributed to the OCFA.
- Construction in progress (CIP) consisted primarily of out-of-pocket construction costs incurred by the OCFA for the three stations built by The Irvine Company. All three stations were placed into service during FY 2007-08. The \$60,091 balance remaining in CIP at year-end pertained to preliminary architecture and design of replacement Fire Station No. 17 (Cypress).
- Work in progress (WIP) accounted for twelve projects during the current fiscal year, five of which were placed into service and seven of which were still in progress at year-end.
  - Fire engines, trucks and other vehicles are classified as WIP at year-end if they are in the process of being outfitted for operation and will be completed over the span of multiple fiscal years. The most significant additions during the current fiscal year were a Type I Engine (\$360,440), a USAR Heavy Rescue Unit (\$617,598) and three Tractor Drawn Aerials (\$2,687,993).
  - The total cost of projects that were completed and transferred to vehicles during the current fiscal year was approximately \$650,000, which included the Type I Engine and three ambulances.
- Forty-two vehicles were added to the OCFA's fleet during FY 2007-08 (including the four that were transferred from WIP). The most significant addition was the purchase of a 100' Tractor Drawn Aerial Quint (\$898,655). Other additions included sixteen Type I Engines, three

ambulances and twenty-two sport utility vehicles and trucks (ten of which were donated to the OCFA during the Santiago Fire).

- Significant equipment additions included the grant-funded Regional Automatic Vehicle Locator (AVL) Interoperability Project (\$1,290,430) and the Countywide Public Safety GIS Project (\$512,192).

Additional information pertaining to the OCFA's capital assets can be found in Note 6 of the accompanying Notes to the Financial Statements.

**Long-term Debt.** Bonded debt represents bonds secured solely by a specified revenue source (i.e., property taxes). At the end of the current fiscal year, the OCFA's outstanding liability for bonded debt totaled \$10,392,219, which included an unamortized bond premium of \$27,219. Following is a summary of the OCFA's outstanding 2001 Revenue Bonds, which were issued to finance a portion of the cost to construct the Regional Fire Operations and Training Center:

	<u>2001 Revenue Bonds</u>
Outstanding liability, including premium:	
June 30, 2008	\$10,392,219
June 30, 2007	<u>13,610,829</u>
Increase (decrease)	<u>(\$ 3,218,610)</u>

Total long-term liabilities decreased by \$2,402,222 (5.3%) during the current fiscal year. Additions to long-term liabilities included additions to the estimated liabilities for compensated absences and accrued claims and judgments in the amounts of \$10,399,331 and \$7,234,410, respectively. Decreases to long-term liabilities included debt service payments on revenue bonds and capital lease obligations totaling \$4,867,453; vacation/sick leave payouts and usage totaling \$9,748,521 and payments on accrued claims and judgments totaling \$5,406,379.

Additional information on the OCFA's long-term liabilities can be found in Note 8 of the accompanying Notes to the Financial Statements.

### Next Year's Budget

The Fiscal Year 2008-09 General Fund adopted expenditure budget is approximately \$230 million, which is a 1.9% increase from the adopted Fiscal Year 2007-08 General Fund budget. The increase reflects the impact of salary increases authorized by existing Memorandums of Understanding (MOU's) with all bargaining units and updated employee benefit rates in Fiscal Year 2008-09. The General Fund budget is balanced and also provides transfers of approximately \$15.7 million to other funds for current and future capital projects.

Staffing changes authorized in the Fiscal Year 2008-09 budget included an increase of thirty-three positions as follows:

- Six fire captain, six fire apparatus engineer and twelve firefighter positions were added in order to staff new temporary Fire Station No. 20 (Irvine).

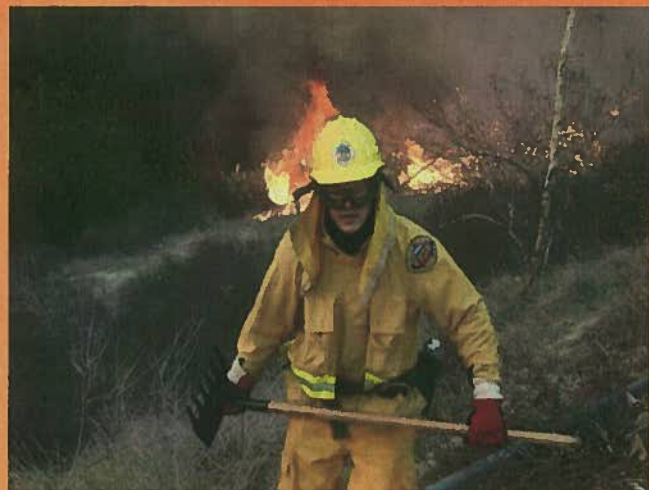
- Nine firefighter positions were added to provide increased staffing on three wildland engines, as recommended by the Santiago After Action Report.

### **Requests for Information**

This financial report is designed to provide a general overview of the OCFA's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Manager, Orange County Fire Authority, 1 Fire Authority Road, Irvine, California 92602.

# Government-wide Financial Statements

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## Wildland Resources

During the Santiago Fire, the OCFA's handcrews, bulldozers and wildland engine strike teams were successful in clearing vegetation and flammable material from around homes in the fire area. The OCFA plans to increase its wildland defense support by converting the part-time handcrew to year-round status in 2009 and phasing in increased staffing on its Type III Wildland Engines. In addition, patrol units are being outfitted with Compressed Air Foam Systems (CAFS), which will enable the engines to pre-treat structures and vegetation with foam designed to provide protection from heat and flames.



**ORANGE COUNTY FIRE AUTHORITY**

**Statement of Net Assets**

**June 30, 2008**

**(With Comparative Data for Prior Year)**

	<b>Governmental Activities</b>	
	<b>2008</b>	<b>2007</b>
<b>Assets:</b>		
Cash and investments (Note 3a)	\$ 149,476,864	\$ 131,020,740
Receivables:		
Accounts, net (Note 4)	1,965,708	1,942,625
Accrued interest	394,471	628,625
Prepaid costs	1,123,664	514,092
Deferred bond issuance costs	79,117	118,677
Due from other governments, net (Note 5)	21,451,348	11,476,812
Restricted cash and investments	-	4,168,485
Capital assets (Note 6):		
Land	37,397,850	33,647,850
Construction in progress	60,091	734,251
Work in progress	3,439,785	315,460
Capital assets, net of accumulated depreciation	136,068,203	117,755,378
<b>Total assets</b>	<b>351,457,101</b>	<b>302,322,995</b>
<b>Liabilities:</b>		
Accounts payable	2,541,530	3,538,768
Accrued liabilities	5,963,852	5,529,084
Accrued interest	213,362	274,756
Unearned revenue (Note 7)	115,299	60,206
Deposits payable	1,040,645	723,400
Due to other governments	91,470	6,662
Net OPEB obligation (Note 17d)	3,006,406	-
Long-term liabilities (Note 8):		
Due within one year	13,681,509	11,680,622
Due beyond one year	29,591,463	33,994,572
<b>Total liabilities</b>	<b>56,245,536</b>	<b>55,808,070</b>
<b>Net assets:</b>		
Invested in capital assets, net of related debt (Note 6)	163,340,815	138,193,654
Restricted for debt service	11,331,122	15,179,905
Unrestricted	120,539,628	93,141,366
<b>Total net assets</b>	<b>\$ 295,211,565</b>	<b>\$ 246,514,925</b>

See Notes to the Financial Statements

**ORANGE COUNTY FIRE AUTHORITY**  
**Statement of Activities**  
**Year ended June 30, 2008**  
**(With Comparative Data for Prior Year)**

	<b>Governmental Activities</b>	
	<b>2008</b>	<b>2007</b>
<b>Expenses:</b>		
Public safety:		
Salaries and benefits	\$ 199,095,873	\$ 187,129,443
Services and supplies	31,669,603	27,139,113
Depreciation	7,399,902	7,000,915
Interest on long-term debt	1,410,673	1,871,983
<b>Total program expenses</b>	<b>239,576,051</b>	<b>223,141,454</b>
 <b>Program revenues:</b>		
Charges for services	69,187,051	60,970,377
Operating grants and contributions	6,835,746	5,698,327
Capital grants and contributions	22,092,218	4,172,358
<b>Total program revenues</b>	<b>98,115,015</b>	<b>70,841,062</b>
Net program (expenses) revenues of governmental activities	(141,461,036)	(152,300,392)
 <b>General revenues:</b>		
Property taxes, levied for general purpose	182,536,717	166,639,162
Use of money and property	6,295,464	7,912,428
Miscellaneous	730,733	903,992
<b>Total general revenues</b>	<b>189,562,914</b>	<b>175,455,582</b>
Change in net assets	48,101,878	23,155,190
Net assets at beginning of year, as restated (Note 10)	247,109,687	223,359,735
<b>Net assets at end of year</b>	<b>\$ 295,211,565</b>	<b>\$ 246,514,925</b>

See Notes to the Financial Statements



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## Orange County Fire Authority Safety Message

### What To Do If a Child Falls Into a Pool

1. Yell for help.
2. Get the child out.
3. Check for consciousness.
4. If someone is with you, have them call 9-1-1. Start CPR and continue until emergency help arrives.
5. If you are alone, start CPR. After one minute, call 9-1-1. Return to the child and continue CPR until emergency help arrives.



# ***Fund Financial***

# ***Statements***



## ***Helicopter Support***

The OCFA's two helicopters are used for emergency response to wildland fires, swift water rescues, medical rescue support and disaster mitigation. Both helicopters are housed at Fire Station No. 41, located at the Fullerton Airport. In response to the Santiago Fire, the OCFA has accelerated the purchase of two additional helicopters, which will include night vision capabilities, and the construction of a new hangar to house the fleet.

ORANGE COUNTY FIRE AUTHORITY  
 Governmental Funds

Balance Sheet

June 30, 2008

(With Comparative Data for Prior Year)

	General Fund	Special Revenue Funds	
		Communications & Information Systems	Vehicle Replacement
<b><u>Assets</u></b>			
Cash and investments	\$ 52,770,468	\$ 20,468,208	\$ 40,736,971
Receivables:			
Accounts, net	1,951,407	-	-
Accrued interest	80,744	37,500	22,680
Prepaid costs	649,115	-	474,549
Due from other governments, net	21,053,788	-	-
Restricted assets:			
Cash and investments	-	-	-
<b>Total assets</b>	<b>\$ 76,505,522</b>	<b>\$ 20,505,708</b>	<b>\$ 41,234,200</b>
<b><u>Liabilities and Fund Balances</u></b>			
<b>Liabilities:</b>			
Accounts payable	\$ 2,215,661	\$ 178,400	\$ 5,879
Accrued liabilities	5,960,844	-	-
Deferred revenues	115,299	-	-
Accrued claims and judgments	6,165,518	-	-
Deposits payable	-	15,413	-
Due to other governments	91,470	-	-
<b>Total liabilities</b>	<b>14,548,792</b>	<b>193,813</b>	<b>5,879</b>
<b>Fund balances:</b>			
Reserved:			
Reserved for encumbrances	870,846	289,736	4,301,991
Reserved for debt sevice	-	-	-
Reserved for prepaid costs	649,115	-	474,549
Unreserved:			
Unreserved, reported in nonmajor:			
Special revenue funds	-	-	-
Debt service fund	-	-	-
Designated for capital improvement program	-	18,720,574	31,510,828
Designated for workers' compensation	28,316,776	-	-
Designated for operating contingency	24,461,635	-	-
Designated for training and education	621,511	-	-
Undesignated	7,036,847	1,301,585	4,940,953
<b>Total fund balances</b>	<b>61,956,730</b>	<b>20,311,895</b>	<b>41,228,321</b>
<b>Total liabilities and fund balances</b>	<b>\$ 76,505,522</b>	<b>\$ 20,505,708</b>	<b>\$ 41,234,200</b>

See Notes to the Financial Statements

<b>Capital Projects Fund</b>		<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>	
<b>Capital Projects</b>			<b>2008</b>	<b>2007</b>
\$ 17,884,115	\$ 17,617,102	\$ 149,476,864	\$ 131,020,740	
12,685	1,616	1,965,708	1,942,625	
79,994	173,553	394,471	628,625	
-	-	1,123,664	514,092	
282,644	114,916	21,451,348	11,476,812	
-	-	-	4,168,485	
<b>\$ 18,259,438</b>	<b>\$ 17,907,187</b>	<b>\$ 174,412,055</b>	<b>\$ 149,751,379</b>	
\$ 36,563	\$ 105,027	\$ 2,541,530	\$ 3,538,768	
3,008	-	5,963,852	5,529,084	
-	-	115,299	211,632	
-	-	6,165,518	4,557,711	
1,025,232	-	1,040,645	723,400	
-	-	91,470	6,662	
<b>1,064,803</b>	<b>105,027</b>	<b>15,918,314</b>	<b>14,567,257</b>	
476,400	97,746	6,036,719	12,222,793	
-	2,806,000	2,806,000	2,806,000	
-	-	1,123,664	514,092	
-	6,159,930	6,159,930	4,528,131	
-	8,738,484	8,738,484	12,648,661	
16,114,630	-	66,346,032	44,332,698	
-	-	28,316,776	26,492,420	
-	-	24,461,635	20,754,167	
-	-	621,511	-	
603,605	-	13,882,990	10,885,160	
<b>17,194,635</b>	<b>17,802,160</b>	<b>158,493,741</b>	<b>135,184,122</b>	
<b>\$ 18,259,438</b>	<b>\$ 17,907,187</b>	<b>\$ 174,412,055</b>	<b>\$ 149,751,379</b>	

**ORANGE COUNTY FIRE AUTHORITY**

**Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets**

**June 30, 2008**

**Fund balances of governmental funds** **\$ 158,493,741**

When capital assets that are to be used in governmental activities are purchased or constructed, their costs are recorded as expenditures in governmental funds. However, the Statement of Net Assets includes those capital assets among the assets of the OCFA as a whole, net of accumulated depreciation.

Capital assets	245,226,008
Accumulated depreciation	(68,260,079)

Long-term liabilities applicable to the OCFA's governmental activities are not due and payable in the current period and, accordingly, are not reported as governmental fund liabilities. All liabilities, both current and long-term, are reported in the Statement of Net Assets.

Bonds payable	(10,365,000)
Bond premium	(27,219)
Lease purchase agreements	(6,202,530)
Compensated absences	(11,831,456)

The long-term portion of accrued claims and judgments is not due and payable in the current period; thus, only the current portion is reported as a governmental fund liability. All liabilities, both current and long-term portions, are reported in the Statement of Net Assets.

(8,681,249)

Bond issuance costs are recognized as debt service expenditures when paid in the year of issue in governmental funds. Deferred bond issuance costs are capitalized in the Statement of Net Assets and amortized over the life of the bonds.

79,117

Accrued interest payable for the current portion of interest due on long-term liabilities has not been reported in the governmental funds. Accrued interest was calculated and reported in the Statement of Net Assets.

(213,362)

The cumulative difference between the OCFA's annual required contribution to the defined benefit retiree medical plan and actual contributions made is recognized as a liability in the Statement of Net Assets.

(3,006,406)

**Net assets of governmental activities** **\$ 295,211,565**

**See Notes to the Financial Statements**



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## Orange County Fire Authority Safety Message

### Defensible Space is Your Responsibility

1. Remove all native flammable vegetation 30 feet from any structure.
2. Thin vegetation to 50% within 70 feet; replace with fire resistant plants.
3. Clear dead leaves and needles from roof and rain gutters.
4. Space trees and shrubs at least 10 feet apart.
5. Relocate woodpiles and other combustible materials at least 30 feet from any structure.
6. Maintain a clear space of 10 feet around propane gas tanks.

**ORANGE COUNTY FIRE AUTHORITY  
 Governmental Funds**

**Statement of Revenues, Expenditures and Changes in Fund Balances**

**Year ended June 30, 2008**

**(With Comparative Data for Prior Year)**

	<u>Special Revenue Funds</u>		
	<u>General Fund</u>	<u>Communications &amp; Information Systems</u>	<u>Vehicle Replacement</u>
<b>Revenues:</b>			
Taxes	\$ 182,536,717	\$ -	\$ -
Intergovernmental	20,569,942	1,756,762	-
Charges for services	52,733,649	168,544	414,000
Use of money and property	3,259,421	941,142	1,741,430
Miscellaneous	564,442	185,796	113,885
Developer contributions	-	60,531	586,029
<b>Total revenues</b>	<b>259,664,171</b>	<b>3,112,775</b>	<b>2,855,344</b>
<b>Expenditures:</b>			
Current - public safety:			
Salaries and benefits	195,352,381	-	-
Services and supplies	27,686,229	2,029,966	37,413
Capital outlay	205,864	2,526,420	10,498,875
Debt service:			
Principal retirement	-	136,495	1,525,958
Interest and fiscal charges	1,836,756	27,096	205,762
<b>Total expenditures</b>	<b>225,081,230</b>	<b>4,719,977</b>	<b>12,268,008</b>
Excess (deficiency) of revenues over (under) expenditures	34,582,941	(1,607,202)	(9,412,664)
<b>Other financing sources (uses):</b>			
Transfers in (Note 9)	-	3,415,273	15,571,732
Transfers out (Note 9)	(29,109,849)	-	-
Sale of capital and other assets	93,807	-	-
<b>Total other financing sources (uses)</b>	<b>(29,016,042)</b>	<b>3,415,273</b>	<b>15,571,732</b>
Net change in fund balances	5,566,899	1,808,071	6,159,068
Fund balances, beginning of year, as restated (Note 10)	56,389,831	18,503,824	35,069,253
<b>Fund balances, end of year</b>	<b>\$ 61,956,730</b>	<b>\$ 20,311,895</b>	<b>\$ 41,228,321</b>

See Notes to the Financial Statements



Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds	
		2008	2007
\$ -	\$ -	\$ 182,536,717	\$ 166,639,162
366,614	1,475,635	24,168,953	15,643,174
-	194,085	53,510,278	53,191,997
590,490	804,181	7,336,664	8,379,245
114,733	3,631	982,487	428,475
1,097,832	-	1,744,392	1,096,262
<b>2,169,669</b>	<b>2,477,532</b>	<b>270,279,491</b>	<b>245,378,315</b>
128,649	-	195,481,030	186,074,623
5,655	1,627,224	31,386,487	27,146,936
92,462	-	13,323,621	9,714,765
-	3,205,000	4,867,453	5,186,766
-	457,263	2,526,877	2,414,453
<b>226,766</b>	<b>5,289,487</b>	<b>247,585,468</b>	<b>230,537,543</b>
1,942,903	(2,811,955)	22,694,023	14,840,772
9,640,607	1,287,298	29,914,910	24,350,337
-	(805,061)	(29,914,910)	(24,350,337)
-	-	93,807	55,946
<b>9,640,607</b>	<b>482,237</b>	<b>93,807</b>	<b>55,946</b>
11,583,510	(2,329,718)	22,787,830	14,896,718
5,611,125	20,131,878	135,705,911	120,287,404
<b>\$ 17,194,635</b>	<b>\$ 17,802,160</b>	<b>\$ 158,493,741</b>	<b>\$ 135,184,122</b>



**ORANGE COUNTY FIRE AUTHORITY**

**Reconciliation of the Statement of Revenues, Expenditures and Changes in  
Fund Balances of Governmental Funds to the Statement of Activities  
Year ended June 30, 2008**

**Net change in fund balances - total governmental funds** **\$ 22,787,830**

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. As a result, fund balances decrease by the amount of financial resources expended, whereas net assets decrease by the amount of depreciation expense charged for the year.

Capital outlay	13,323,621
Capitalized labor, included in salaries and employee benefits	42,373
Depreciation expense	(7,399,902)

Capital assets received through a grant or donation are reported at the estimated fair value at time of receipt and corresponding revenue is recognized in the Statement of Activities. Revenue is not recognized in the governmental funds. 18,591,064

Governmental funds report the proceeds from sale of capital and other assets as other financing sources. However, in the Statement of Activities, those proceeds are offset by the net book value of the asset, resulting in a gain or loss on the sale. As a result, fund balances decrease by the amount of the net book value of capital and other assets sold during the year.

Loss on sale of capital and other assets	(93,807)
--	----------

Repayment of long-term debt principal is reported as an expenditure in governmental funds and, thus, has the effect of reducing fund balance because current financial resources have been used. For the OCFA as a whole, however, the principal payments reduce the liabilities in the Statement of Net Assets and do not result in an expense in the Statement of Activities.

Debt service principal - bonds payable	3,205,000
Debt service principal - lease purchase agreements	1,662,453

Bond premiums/discounts and issuance costs associated with long-term bonds are recognized as expenditures and other financing sources/uses in the governmental funds at the time the debt is issued. However, those items are capitalized on the Statement of Net Assets and amortized over the life of the bonds on the Statement of Activities since they do not require the use of current financial resources.

Amortization of bond premium	13,610
Amortization of bond issuance costs	(39,560)

**ORANGE COUNTY FIRE AUTHORITY**

**Reconciliation of the Statement of Revenues, Expenditures and Changes in  
 Fund Balances of Governmental Funds to the Statement of Activities  
 (Continued)**

The current portion of accrued claims and judgments is reported as a governmental funds liability, but the long-term portion is expensed as incurred. Both current and long-term portions are included in the outstanding liability in the Statement of Net Assets. Accordingly, the net change in the long-term portion of accrued claims and judgments is reported as a reduction to that liability rather than an expense in the Statement of Activities.

Net change in long-term portion of accrued claims and judgments	(220,224)
---	-----------

Interest expenditures are reported when paid in the governmental funds; however, the total amount of interest incurred for the period is accrued and recognized in the government-wide financial statements. The net change in accrued interest is recognized as interest expense in the Statement of Activities.

38,062

Compensated absences reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

(650,810)

Contributions to the defined benefit retiree medical plan are made on a pay-as-you-go basis in the governmental fund financial statements. However, if actual contributions are less than the actuarially-determined required amount, the difference is reported as an expense in the government-wide financial statements.

(3,006,406)

Certain grants receivable that have been accrued but not collected are reflected as deferred revenue in the governmental funds. However, all earned revenue is recognized in the Statement of Activities regardless of when the receivables were collected.

Prior year deferred revenues recognized as revenue in the governmental funds	(151,426)
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Transactions between governmental funds are eliminated for presentation in the government-wide financial statements.

Transfers in	(29,914,910)
Transfers out	29,914,910
Use of money and property	(1,041,200)
Interest and fiscal charges	1,041,200

<b>Change in net assets of governmental activities</b>	<b>\$ 48,101,878</b>
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See Notes to the Financial Statements

**ORANGE COUNTY FIRE AUTHORITY**  
**General Fund**

**Budgetary Comparison Statement**

Year ended June 30, 2008

(With Comparative Data for Prior Year)

	2008			Variance with Final Budget Positive (Negative)	2007
	Budget Amounts		Actual Amounts		Actual Amounts
	Original	Final			
Restated budgetary fund balance, July 1	\$ 56,389,831	\$ 56,389,831	\$ 56,389,831	\$ -	\$ 50,555,676
<b>Resources (inflows):</b>					
Taxes	172,753,514	179,494,690	182,536,717	3,042,027	166,639,162
Intergovernmental	7,970,618	18,497,013	20,569,942	2,072,929	13,776,062
Charges for services	54,008,896	52,485,847	52,733,649	247,802	53,013,200
Use of money and property	3,036,349	1,801,444	3,259,421	1,457,977	4,230,777
Miscellaneous	33,000	478,203	564,442	86,239	189,713
Transfers in	-	-	-	-	1,750,000
Sale of capital and other assets	30,000	50,804	93,807	43,003	52,049
<b>Amounts available for appropriations</b>	<b>294,222,208</b>	<b>309,197,832</b>	<b>316,147,809</b>	<b>6,949,977</b>	<b>290,206,639</b>
<b>Charges to appropriation (outflows):</b>					
Salaries and benefits	188,578,390	196,440,395	195,352,381	1,088,014	185,768,313
Services and supplies	29,671,613	31,188,779	27,686,229	3,502,550	24,552,434
Capital outlay	62,698	395,658	205,864	189,794	554,056
Interest and fiscal charges	1,118,758	795,556	1,836,756	(1,041,200)	1,559,737
Transfers out	18,776,777	29,109,849	29,109,849	-	21,904,057
<b>Total charges to appropriations</b>	<b>238,208,236</b>	<b>257,930,237</b>	<b>254,191,079</b>	<b>3,739,158</b>	<b>234,338,597</b>
<b>Budgetary fund balance, June 30</b>	<b>\$ 56,013,972</b>	<b>\$ 51,267,595</b>	<b>\$ 61,956,730</b>	<b>\$ 10,689,135</b>	<b>\$ 55,868,042</b>

See Notes to the Financial Statements

**ORANGE COUNTY FIRE AUTHORITY**  
**Communications & Information Systems**  
**Budgetary Comparison Statement**  
**Year ended June 30, 2008**  
**(With Comparative Data for Prior Year)**

	2008			Variance with Final Budget Positive (Negative)	2007
	Budget Amounts		Actual Amounts		Actual Amounts
	Original	Final			
Budgetary fund balance, July 1	\$ 18,503,824	\$ 18,503,824	\$ 18,503,824	\$ -	\$ 14,295,939
<b>Resources (inflows):</b>					
Intergovernmental	-	1,784,762	1,756,762	(28,000)	1,842,376
Charges for services	168,544	168,544	168,544	-	-
Use of money and property	280,507	705,366	941,142	235,776	933,724
Miscellaneous	-	185,796	185,796	-	107,045
Developer contributions	150,000	200,000	60,531	(139,469)	-
Transfers in	2,701,334	3,415,273	3,415,273	-	5,268,063
Sale of capital and other assets	-	-	-	-	3,897
<b>Amounts available for appropriations</b>	<b>21,804,209</b>	<b>24,963,565</b>	<b>25,031,872</b>	<b>68,307</b>	<b>22,451,044</b>
<b>Charges to appropriation (outflows):</b>					
Services and supplies	2,841,577	3,231,577	2,029,966	1,201,611	1,067,681
Capital outlay	10,704,393	2,847,823	2,526,420	321,403	2,512,683
Principal retirement	136,495	136,495	136,495	-	331,743
Interest and fiscal charges	27,096	27,096	27,096	-	35,113
<b>Total charges to appropriations</b>	<b>13,709,561</b>	<b>6,242,991</b>	<b>4,719,977</b>	<b>1,523,014</b>	<b>3,947,220</b>
<b>Budgetary fund balance, June 30</b>	<b>\$ 8,094,648</b>	<b>\$ 18,720,574</b>	<b>\$ 20,311,895</b>	<b>\$ 1,591,321</b>	<b>\$ 18,503,824</b>

See Notes to the Financial Statements

**ORANGE COUNTY FIRE AUTHORITY**  
**Vehicle Replacement**  
**Budgetary Comparison Statement**  
**Year ended June 30, 2008**  
**(With Comparative Data for Prior Year)**

	2008			Variance with Final Budget Positive (Negative)	2007
	Budget Amounts		Actual Amounts		Actual Amounts
	Original	Final			
Budgetary fund balance, July 1	\$ 35,069,253	\$ 35,069,253	\$ 35,069,253	\$ -	\$ 18,913,694
<b>Resources (inflows):</b>					
Charges for services	414,000	414,000	414,000	-	-
Use of money and property	903,670	1,310,348	1,741,430	431,082	1,614,007
Miscellaneous	-	113,885	113,885	-	65,615
Developer contributions	466,309	598,662	586,029	(12,633)	890,684
Transfers in	8,666,339	15,571,732	15,571,732	-	16,664,964
<b>Amounts available for appropriations</b>	<b>45,519,571</b>	<b>53,077,880</b>	<b>53,496,329</b>	<b>418,449</b>	<b>38,148,964</b>
<b>Charges to appropriation (outflows):</b>					
Services and supplies	40,316	221,060	37,413	183,647	55,462
Capital outlay	19,650,184	19,614,272	10,498,875	9,115,397	1,187,236
Principal retirement	1,525,958	1,525,958	1,525,958	-	1,584,700
Interest and fiscal charges	205,762	205,762	205,762	-	252,313
<b>Total charges to appropriations</b>	<b>21,422,220</b>	<b>21,567,052</b>	<b>12,268,008</b>	<b>9,299,044</b>	<b>3,079,711</b>
<b>Budgetary fund balance, June 30</b>	<b>\$ 24,097,351</b>	<b>\$ 31,510,828</b>	<b>\$ 41,228,321</b>	<b>\$ 9,717,493</b>	<b>\$ 35,069,253</b>

See Notes to the Financial Statements

**ORANGE COUNTY FIRE AUTHORITY**  
**Fiduciary Funds**  
**Statement of Fiduciary Net Assets**  
**June 30, 2008**  
**(With Comparative Data for Prior Year)**

	Private Purpose Trust Fund		Pension Trust Funds	
	Miscellaneous Trust		2008	2007
	2008	2007		
<b>Assets:</b>				
Cash and investments (Note 3a):				
Local Agency Investment Fund	\$ -	\$ 495,840	\$ 488,150	\$ 1,274,461
Receivables:				
Accounts, net	-	95,996	-	-
Accrued interest	-	-	-	3,614
Due from other governments	-	-	-	3,204
Capital assets, net of accumulated depreciation	-	72,973	-	-
<b>Total assets</b>	<b>-</b>	<b>664,809</b>	<b>488,150</b>	<b>1,281,279</b>
<b>Liabilities:</b>				
Accounts payable	-	70,047	370,932	1,194,852
<b>Total liabilities</b>	<b>-</b>	<b>70,047</b>	<b>370,932</b>	<b>1,194,852</b>
<b>Net assets:</b>				
Assets held in trust for pension benefits	-	-	117,218	86,427
Assets held in trust for other purposes	-	594,762	-	-
<b>Total net assets</b>	<b>\$ -</b>	<b>\$ 594,762</b>	<b>\$ 117,218</b>	<b>\$ 86,427</b>

See Notes to the Financial Statements



**ORANGE COUNTY FIRE AUTHORITY**  
**Fiduciary Funds**  
**Statement of Changes in Fiduciary Net Assets**  
**Year ended June 30, 2008**  
**(With Comparative Data for Prior Year)**

	Private Purpose Trust Fund		Pension Trust Funds	
	Miscellaneous Trust		2008	2007
	2008	2007		
<b>Additions:</b>				
Contributions:				
Plan members	\$ -	\$ -	\$ 35,737	\$ 329,397
Other	-	386,209	-	57,050
Total contributions	-	386,209	35,737	386,447
Net investment income:				
Interest	-	13	20,448	106,150
Total net investment income	-	13	20,448	106,150
<b>Total additions</b>	-	386,222	56,185	492,597
<b>Deductions:</b>				
Benefits and refunds paid to plan members and beneficiaries	-	-	25,394	430,469
Other	-	110,627	-	7,455,593
Depreciation expense	-	4,060	-	-
<b>Total deductions</b>	-	114,687	25,394	7,886,062
Change in net assets	-	271,535	30,791	(7,393,465)
Net assets, beginning of year, as restated (Note 10)	-	323,227	86,427	7,479,892
<b>Net assets, end of year</b>	\$ -	\$ 594,762	\$ 117,218	\$ 86,427

See Notes to the Financial Statements

# Notes to the Financial Statements

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## *Fire Shelter Deployment*

During the Santiago Fire, twelve OCFAs firefighters were involved in a burn-over incident along Santiago Canyon Road and were forced to deploy their fire shelters. In response to their emergency radio transmission, OCFAs helicopters completed six water drops over a 24-minute period, providing a safety buffer area between the trapped firefighters and the surrounding fire. During this near miss episode, firefighters were able to use new generation fire shelters with enhanced safety design, which had been purchased at the beginning of Fiscal Year 2007-08.

## ORANGE COUNTY FIRE AUTHORITY

### Notes to the Financial Statements

Year ended June 30, 2008

#### **(1) Summary of Significant Accounting Policies**

##### **(a) Description of the Reporting Entity**

Effective March 1, 1995, the County of Orange (County) and the cities of Buena Park, Cypress, Dana Point, Irvine, Laguna Hills, Laguna Niguel, Lake Forest, La Palma, Los Alamitos, Mission Viejo, Placentia, San Clemente, San Juan Capistrano, Seal Beach, Stanton, Tustin, Villa Park and Yorba Linda entered into a joint powers agreement to create the Orange County Fire Authority (OCFA). Since the creation of the OCFA, the cities of Aliso Viejo, Laguna Woods, Rancho Santa Margarita and Westminster joined the OCFA as members eligible for fire protection services.

The purpose of the OCFA is to provide fire suppression, protection, prevention and related and incidental services including, but not limited to, emergency medical and transport services and hazardous materials regulation, as well as providing facilities and personnel for such services. The OCFA's governing board consists of one representative from each city and two from the County of Orange.

The operations of the OCFA are funded with a portion of property taxes collected by the County (Structural Fire Fund) for the unincorporated area and on behalf of all member cities except for the cities of Buena Park, Placentia, San Clemente, Seal Beach, Stanton, Tustin and Westminster, which are considered to be cash contract cities. The County pays all Structural Fire Fund taxes it collects to the OCFA. The cash contract cities make cash contributions based on the OCFA's annual budget. Upon dissolution, all surplus money and property of the OCFA will be conveyed or distributed to each member in proportion to all funds provided to the OCFA by that member or by the County on behalf of that member during its membership. Each member must execute any instruments of conveyance necessary to effectuate such distribution or transfer.

##### **(b) Measurement Focus and Basis of Accounting**

###### **Government-wide Financial Statements**

The government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities), report information about the OCFA as a whole, excluding its fiduciary activities. For the most part, the effect of the interfund activity has been removed from these statements.

The Statement of Activities demonstrates the degree to which the direct expenses of the given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include (1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided



by a given function and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

### Fund Financial Statements

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized when they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The OCFA considers revenues to be available if they are typically collected within 60 days of the end of the current fiscal period, with the exception of grants and fire incident reimbursements, which are considered available if they are typically collected within 180 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred under the accrual basis of accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, charges for services and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the OCFA.

When both restricted and unrestricted resources are available for use, it is the OCFA's policy to use restricted resources first, then unrestricted resources as they are needed.

Fiduciary fund financial statements are reported using the same *economic resources measurement focus* and the *accrual basis of accounting* described for the government-wide financial statements.

(c) Major Funds and Other Fund Types

Major Governmental Funds

- The **General Fund** is used to account for all financial activity associated with the provision of services to its member cities and unincorporated areas. Primary sources of revenue are property taxes designated for fire protection (Structural Fire Fund), cash contracts, intergovernmental reimbursements and various user fees. Activities include structural, watershed and wildland fire protection; paramedic and rescue services; planning and development services; hazardous materials disclosure; and hazardous materials response services.
- The **Communications & Information Systems Fund** is a special revenue fund used to account for the replacement of specialized fire communications equipment and information systems equipment.
- The **Vehicle Replacement Fund** is a special revenue fund used to account for the planned replacement of fire apparatus and vehicles.
- The **Capital Projects Fund** is used to account for capital expenditure requirements, such as the replacement of sub-standard fire stations and construction of new fire stations.

Other Governmental Fund Types

- **Special Revenue Funds** are used to account for the proceeds of specific revenue sources that are legally restricted to expenditure for specified purposes.
- **Debt Service Funds** are used to account for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

Other Fiduciary Fund Types

- **Pension Trust Funds** are used to report resources that are required to be held in trust for the members and beneficiaries of defined benefit pension plans, defined contribution plans, other post-employment benefit plans or other employee benefit plans. The OCFA's pension trust funds account for the cost of the extra help post-employment defined benefit retirement plan and enhanced retirement benefits.

(d) Deposits and Investments

The OCFA's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. For financial statement presentation purposes, cash and cash equivalents are shown as both restricted and unrestricted cash and investments.

Investments are stated at fair value (the value at which a financial instrument could be exchanged, other than in a forced or liquidation sale), in accordance with GASB Statement No. 31. The OCFA's policy is generally to hold investments until maturity. The State Treasurer's Investment Pool operates in accordance with appropriate State laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

(e) Receivables

All accounts receivable are shown net of an allowance for uncollectible amounts.

Under California law, counties assess and collect property taxes up to 1% of assessed value and can increase the property tax rate no more than 2% per year. The property taxes go into a pool and are then allocated to the cities and local government entities based on complex formulas. The County of Orange bills and collects the property taxes and distributes them to the OCFA in installments during the year. Accordingly, the OCFA accrues only those taxes which are received from the county within 60 days after year-end. A summary of the property tax calendar is as follows:

Lien date	January 1
Levy date	Fourth Monday of September
Due dates	November 1 and February 1
Delinquent dates	December 10 and April 10

(f) Prepaid Costs

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid costs in both the government-wide and fund financial statements. The fund balances in the governmental fund types have been reserved for amounts equal to the prepaid costs in the fund-level statements, since these amounts are not available for appropriation.

(g) Capital Assets

Capital assets of governmental activities, which include property, plant and equipment assets, are reported in the government-wide financial statements. Capital assets are defined by the OCFA as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated or developer-contributed capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Property, plant and equipment of the OCFA are depreciated using the straight-line method over the following estimated useful lives:

Buildings	45 years
Equipment	3 – 40 years
Vehicles	4 – 20 years

(h) Compensated Absences

The OCFA's policy permits employees to accumulate earned but unused vacation and sick pay benefits. All vacation pay and unpaid sick leave to which employees are entitled has been accrued when incurred in the government-wide and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if it has matured (for example, as a result of employee resignations or retirements).

(i) Long-term Obligations

Long-term debt and other long-term obligations are reported as liabilities of governmental activities in the government-wide Statement of Net Assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as unamortized debt issuance costs and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

(j) Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

(k) Prior Year Data

The information included in the accompanying financial statements for the prior year has been presented for comparison purposes only and does not represent a complete presentation in accordance with generally accepted accounting principles. Certain minor reclassifications of prior year data have been made in order to enhance their comparability with current year figures.

(l) Use of Estimates

The financial statements are prepared in conformity with accounting principles generally accepted in the United States of America and, accordingly, include amounts that are based on management's best estimates and judgments. Actual results could differ from those estimates.



**(2) Compliance and Accountability**

The OCFA establishes accounting control through formal adoption of an annual operating budget for the governmental funds. The operating budgets are prepared on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for all of the governmental funds. The adopted budget can be amended by the Board to change both appropriations and estimated revenues as unforeseen circumstances come to management's attention. Increases and decreases in revenue and appropriations and transfers between funds require the Board's approval. However, the Fire Chief may authorize changes within funds. Expenditures may not exceed total appropriations at the individual fund level. It is the practice of the OCFA to review the budgets mid-year and, if necessary, recommend changes to the Board.

The following is a summary of the originally adopted expenditure budget (including carryovers of unexpended prior year encumbrances and transfers out) compared to the final budget by fund:

<u>Fund</u>	<u>Original Budget</u>	<u>Increase/ (Decrease)</u>	<u>Final Budget</u>
General Fund	\$ 238,208,236	\$ 19,722,001	\$ 257,930,237
Facilities Maintenance & Improvements	1,383,186	91,600	1,474,786
Communications & Information Systems	13,709,561	(7,466,570)	6,242,991
Vehicle Replacement	21,422,220	144,832	21,567,052
Structural Fire Entitlement	243,440	1,364,805	1,608,245
Capital Projects	1,459,400	(320,988)	1,138,412
Debt Service	<u>3,662,263</u>	<u>805,061</u>	<u>4,467,324</u>
Total governmental funds	<u>\$ 280,088,306</u>	<u>\$ 14,340,741</u>	<u>\$ 294,429,047</u>

Encumbrance accounting is employed in governmental funds. Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is utilized in the OCFA's funds. Encumbrances outstanding at year-end are reported as reservations of fund balance and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year. All appropriations lapse at year-end with the exception of encumbered appropriations, which are effectually re-appropriated in the ensuing year's budget.

**(3) Cash and Investments**

**(a) Financial Statement Presentation**

Cash and investments as of June 30, 2008, are reported in the accompanying financial statements as follows:

Cash and investments:	
Governmental activities	\$ 149,476,864
Fiduciary funds	<u>488,150</u>
Total cash and investments	<u>\$ 149,965,014</u>

The OCFA maintains a cash and investment pool that is available for use for all funds. Each fund's position in the pool is reported on the combined balance sheet as cash and investments.

Cash and investments consist of the following as of June 30, 2008:

Petty cash/cash on hand	\$ 12,493
Demand deposits	(1,087,766)
Investments	<u>151,040,287</u>
Total cash and investments	<u>\$ 149,965,014</u>

**(b) Demand Deposits**

At June 30, 2008, the carrying amount of the OCFA's demand deposits was (\$1,087,766) and the bank balance was \$209,152. The \$1,296,918 difference represents outstanding checks and other reconciling items.

The California Government Code requires California banks and savings and loan associations to secure an entity's deposits by pledging government securities with a value of 110% of an entity's deposits. California law also allows financial institutions to secure entity deposits by pledging first trust deed mortgage notes having a value of 150% of an entity's total deposits. The entity's Treasurer may waive the collateral requirement for deposits which are fully insured up to \$100,000 by the FDIC. The collateral for deposits in federal and state chartered banks is held in safekeeping by an authorized agent of depository recognized by the State of California Department of Banking. The collateral for deposits with savings and loan associations is generally held in safekeeping by the Federal Home Loan Bank in San Francisco, California as an agent of depository. These securities are physically held in an undivided pool for all California public agency depositors. Under Government Code Section 53655, the placement of securities by a bank or savings and loan association with an "agent of depository" has the effect of perfecting the security interest in the name of the local governmental agency. Accordingly, all collateral held by California agents of depository are considered to be held for, and in the name of, the local government.

(c) Investments Authorized by Government Code and OCFA Investment Policy

The table below identifies the investment types that are authorized by the OCFA's investment policy and by the California Government Code Section 53600 et seq. and Section 5922(d). The table also identifies certain provisions of the California Government Code (or the OCFA's investment policy, if more restrictive) that address interest rate risk, credit risk and concentration of credit risk. The table, however, does not cover investments of debt proceeds held by fiscal agent, which are governed by the provisions of debt agreements of the OCFA rather than the general provisions of the OCFA's investment policy. In addition, this table does not include other investment types that are allowable under the California Government Code but are not specifically authorized by the OCFA's investment policy.

<u>Investment Types</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
U.S. Treasury obligations	5 years	100%	100%
Federal agency securities	5 years	75% <sup>(1)</sup>	75% <sup>(1)</sup>
Bankers' acceptances	180 days	25% <sup>(1)</sup>	25% <sup>(1)</sup>
Commercial paper	270 days	15% <sup>(1)</sup>	15%
Negotiable certificates of deposit	5 years	25% <sup>(1)</sup>	25% <sup>(1)</sup>
Repurchase agreements	14 days <sup>(1)</sup>	15% <sup>(1)</sup>	15% <sup>(1)</sup>
Money market mutual funds	N/A	15% <sup>(1)</sup>	10%
Local Agency Investment Fund	N/A	75% <sup>(1)</sup>	75% <sup>(1)</sup>

<sup>(1)</sup> Based on OCFA investment policy requirement, which is more restrictive than state law

(d) Investments Authorized by Debt Agreements

Proceeds of bonds or other indebtedness and any moneys set aside and pledged to secure payment of bonds may be invested in accordance with the resolution, indenture or statutory provisions governing the issuance of the indebtedness. The following investments types are authorized for investments held by fiscal agent:

- U.S. Treasury obligations
- Federal agency securities
- Money market mutual funds
- Certificates of deposit
- Investment agreements
- Commercial paper
- Local agency bonds
- Bankers acceptances, 1 year maximum maturity
- Repurchase agreements, 30 days maximum maturity (2001 Revenue Bonds)
- Local Agency Investment Fund

(e) Investments in State Investment Pool

The OCFA is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. LAIF is overseen by the Local Agency Investment Advisory

Board which consists of five members, in accordance with State statute. The State Treasurer's Office audits the fund annually. The fair value of the position in the investment pool is the same as the value of the pool shares.

(f) GASB Statement No. 31

The OCFA adopted GASB Statement No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools, as of July 1, 1997. GASB Statement No. 31 establishes fair value standards for investments in participating interest earning investment contracts, external investment pools, equity securities, option contracts, stock warrants and stock rights that have readily determinable fair values. Accordingly, the OCFA reports its investments at fair value in the balance sheet. All investment income, including changes in the fair value of investments, is recognized as revenue in the operating statement.

(g) Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required (where applicable) by the California Government Code, the OCFA's investment policy or debt agreements and the actual rating as of year-end for each investment type.

Investment Type	Minimum Rating Required	Rating at Year-End			Total Fair Value
		Aaa / AAA	P-1/A-1+	Unrated	
Federal agency securities	N/A	\$ 93,186,980	\$ -	\$ -	\$ 93,186,980
Commercial paper	P1/A1/F1	-	11,885,540	-	11,885,540
Money market mutual funds	Aaa/AAA	-	-	3,106,459	3,106,459
LAIIF	N/A	-	-	39,998,009	39,998,009
Held by fiscal agent:					
Federal agency securities	N/A	2,770,671	-	-	2,770,671
Money market mutual funds	Aaa/AAA	92,628	-	-	92,628
<b>Total</b>		<b>\$ 96,050,279</b>	<b>\$ 11,885,540</b>	<b>\$ 43,104,468</b>	<b>\$ 151,040,287</b>

(h) Custodial Credit Risk

The custodial credit risk for *deposits* is the risk that in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The OCFA's investment policy requires that collateral be held by an independent third party with whom the OCFA has a current custodial agreement.

The custodial credit risk for *investments* is the risk that in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of

investment or collateral securities that are in the possession of an outside party. The OCFA's investment policy requires that all security transactions are conducted on a delivery-versus-payment (DVP) method and that all securities are held by a qualified, third-party custodian, as evidenced by safekeeping receipts. The trust department of the OCFA's bank may act as third-party custodian, provided that the custodian agreement is separate from the banking agreement. As of June 30, 2008, none of the OCFA's deposits or investments was exposed to disclosable custodial credit risk.

(i) Concentration of Credit Risk

The OCFA's investment policy imposes restrictions for certain types of investments with any one issuer to 15% of the total investment pool with the following exceptions: U.S. Treasury obligations (100%), LAIF (75%), federal agency securities (75%), bankers' acceptances (25%) and negotiable certificates of deposit (25%). With respect to concentration risk as of June 30, 2008, the OCFA is in compliance with the investment policy's restrictions.

In addition, GASB 40 requires a separate disclosure if any single issuer comprises more than 5% of the total investment value (exclusive of amounts held by fiscal agent). Investments guaranteed by the U.S. government and investments in mutual funds and external investment pools are excluded from this requirement. Investments with issuers exceeding 5% of the total investment portfolio at June 30, 2008, are summarized below.

<u>Issuer</u>	<u>Fair Value</u>	<u>% of Portfolio</u>
Federal National Mortgage Association (FNMA)	\$41,162,170	27.8%
Federal Home Loan Bank (FHLB)	30,207,330	20.4%
Freddie Mac	21,817,480	14.7%
General Electric Capital Corporation	9,888,960	6.7%

(j) Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the fair values of investments with longer maturities have greater sensitivity to changes in market interest rates. The OCFA's investment policy limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The OCFA's investment policy states that at least 50% of the portfolio must mature in one year or less, an additional 25% may mature up to 3 years and the remaining 25% may mature up to 5 years. The OCFA has elected to use the segmented time distribution method of disclosure for its interest rate risk. As of June 30, 2008, the OCFA had the following investments and maturities:

	Investment Maturities (in Months)			
	6 Months or Less	13 to 36 Months	37 to 60 Months	Fair Value
Federal agency securities	\$ 88,061,670	\$ 3,113,430	\$ 2,011,880	\$ 93,186,980
Commercial paper	11,885,540	-	-	11,885,540
Money market mutual funds	3,106,459	-	-	3,106,459
LAIF	39,998,009	-	-	39,998,009
Held by fiscal agent:				
Federal agency securities	-	2,770,671	-	2,770,671
Money market mutual funds	92,628	-	-	92,628
Total	<u>\$ 143,144,306</u>	<u>\$ 5,884,101</u>	<u>\$ 2,011,880</u>	<u>\$ 151,040,287</u>

**(4) Accounts Receivable**

Accounts receivable, net of an allowance for doubtful accounts, consists of the following as of June 30, 2008:

	General Fund	Capital Projects	Nonmajor Governmental	Total
Fire prevention / late fees	\$ 272,691	\$ -	\$ -	\$ 272,691
Ambulance / other reimbursements	1,733,280	-	-	1,733,280
Pledges	-	12,387	-	12,387
Travel advances	4,970	-	-	4,970
Other / miscellaneous	10,220	298	1,616	12,134
Subtotal	2,021,161	12,685	1,616	2,035,462
Allowance for doubtful accounts	(69,754)	-	-	(69,754)
Accounts receivable, net	<u>\$ 1,951,407</u>	<u>\$ 12,685</u>	<u>\$ 1,616</u>	<u>\$ 1,965,708</u>

**(5) Due from Other Governments**

Amounts due from other governments, net of an allowance for doubtful accounts, consist of the following as of June 30, 2008:

	General Fund	Capital Projects	Nonmajor Governmental	Total
Fire protection and other services	\$ 1,943,549	\$ 282,644	\$ -	\$ 2,226,193
Assistance by hire / activation	8,678,456	-	-	8,678,456
Grants	314,390	-	-	314,390
Property taxes / tax increment	10,780,188	-	-	10,780,188
Other / miscellaneous	2,608	-	114,916	117,524
Subtotal	21,719,191	282,644	114,916	22,116,751
Allowance for doubtful accounts	(665,403)	-	-	(665,403)
Due from other governments, net	<u>\$ 21,053,788</u>	<u>\$ 282,644</u>	<u>\$ 114,916</u>	<u>\$ 21,451,348</u>

**(6) Capital Assets**

Capital asset activity for the year ended June 30, 2008, was as follows:

Governmental Activities	Beginning Balances, as Restated	Increases	Decreases	Transfers	Ending Balances
Capital assets not being depreciated:					
Land	\$ 33,647,850	\$ 3,750,000	\$ -	\$ -	\$ 37,397,850
Construction in progress	734,251	166,320	-	(840,480)	60,091
Work in progress	315,460	3,773,967	-	(649,642)	3,439,785
Total capital assets not being depreciated	<u>34,697,561</u>	<u>7,690,287</u>	<u>-</u>	<u>(1,490,122)</u>	<u>40,897,726</u>
Capital assets being depreciated:					
Buildings	105,418,818	14,128,000	-	840,480	120,387,298
Equipment	28,619,243	2,787,330	(141,332)	20,751	31,285,992
Vehicles	46,228,807	7,351,441	(1,554,147)	628,891	52,654,992
Total capital assets being depreciated	<u>180,266,868</u>	<u>24,266,771</u>	<u>(1,695,479)</u>	<u>1,490,122</u>	<u>204,328,282</u>
Less accumulated depreciation for:					
Buildings	(14,105,927)	(2,516,823)	-	-	(16,622,750)
Equipment	(18,040,494)	(2,144,879)	134,532	-	(20,050,841)
Vehicles	(30,292,096)	(2,738,200)	1,443,808	-	(31,586,488)
Total accumulated depreciation	<u>(62,438,517)</u>	<u>(7,399,902)</u>	<u>1,578,340</u>	<u>-</u>	<u>(68,260,079)</u>
Capital assets being depreciated, net	<u>117,828,351</u>	<u>16,866,869</u>	<u>(117,139)</u>	<u>1,490,122</u>	<u>136,068,203</u>
Governmental activities capital assets, net	<u>\$152,525,912</u>	<u>\$ 24,557,156</u>	<u>\$ (117,139)</u>	<u>\$ -</u>	<u>\$ 176,965,929</u>

**Depreciation Expense**

Depreciation expense of \$7,399,902 was charged to Public Safety in the Statement of Activities.

**Restatement of Beginning Balances**

Capital assets held by fiduciary funds, if any, are excluded from the OCFA's governmental activities. During the year ended June 30, 2008, all cumulative activity of the Miscellaneous Trust Fund was restated to the General Fund. Accordingly, the beginning balances of governmental activities capital assets have also been restated to include amounts previously accounted for in the Miscellaneous Trust Fund. Following is a summary of the restated beginning balances:



Governmental Activities	As Previously Reported	Miscellaneous Trust Fund	As Restated
<b>Capital assets being depreciated:</b>			
Equipment	\$ 28,573,746	\$ 45,497	\$ 28,619,243
Vehicles	46,197,271	31,536	46,228,807
Subtotal	74,771,017	77,033	74,848,050
<b>Less accumulated depreciation for:</b>			
Equipment	(18,036,434)	(4,060)	(18,040,494)
	<u>\$ 56,734,583</u>	<u>\$ 72,973</u>	<u>\$ 56,807,556</u>

**Net Assets Invested in Capital Assets**

The portion of the governmental activities net assets that is invested in capital assets, net of capital-related debt, is calculated as follows:

Capital assets, net of accumulated depreciation	\$ 176,965,929
Capital-related debt:	
2001 revenue bonds	(7,422,584)
2003 lease purchase agreement	(2,283,277)
2005 lease purchase agreement	<u>(3,919,253)</u>
Net assets invested in capital assets, net of related debt	<u>\$ 163,340,815</u>

**(7) Deferred / Unearned Revenue**

Deferred revenue in the governmental funds consists of amounts that are either *unearned* or are considered *unavailable* to finance the expenditures of the current fiscal period. Only the amounts that are *unearned* are reported as liabilities of governmental activities. Deferred revenue consists of the following as of June 30, 2008:

	Unearned Revenue	Earned, Unavailable Revenue	Total Deferred Revenue
Developer deposits	\$ 25,328	\$ -	\$ 25,328
GIS license agreements	83,817	-	83,817
Miscellaneous cash advances	6,154	-	6,154
Total	<u>\$ 115,299</u>	<u>\$ -</u>	<u>\$ 115,299</u>

**(8) Long-term Liabilities**

Long-term liability activity for the year ended June 30, 2008, is summarized in the following table. The accrued compensated absences and claims and judgments are normally liquidated by the General Fund.

Governmental Activities	Beginning Balances	Additions	Payments	Ending Balances	Due Within One Year
Revenue bonds:					
2001 revenue bonds	\$ 13,570,000	\$ -	\$ (3,205,000)	\$ 10,365,000	\$ 3,325,000
Bond premium	40,829	-	(13,610)	27,219	13,610
Subtotal - 2001 revenue bonds	<u>13,610,829</u>	<u>-</u>	<u>(3,218,610)</u>	<u>10,392,219</u>	<u>3,338,610</u>
Capital lease purchase agreements:					
Lease purchase agreement - 2003	3,156,245	-	(872,968)	2,283,277	895,722
Lease purchase agreement - 2005	4,708,738	-	(789,485)	3,919,253	817,889
Subtotal - capital lease purchase agreements	<u>7,864,983</u>	<u>-</u>	<u>(1,662,453)</u>	<u>6,202,530</u>	<u>1,713,611</u>
Compensated absences	<u>11,180,646</u>	<u>10,399,331</u>	<u>(9,748,521)</u>	<u>11,831,456</u>	<u>2,463,770</u>
Accrued claims and judgments	<u>13,018,736</u>	<u>7,234,410</u>	<u>(5,406,379)</u>	<u>14,846,767</u>	<u>6,165,518</u>
Total governmental activities	<u>\$ 45,675,194</u>	<u>\$ 17,633,741</u>	<u>\$ (20,035,963)</u>	<u>\$ 43,272,972</u>	<u>\$ 13,681,509</u>

(a) Revenue Bonds

On August 16, 2001, the OCFA issued 2001 Revenue Bonds in the amount of \$28,060,000. The net proceeds were \$27,800,000 (after payment of \$300,000 in underwriting fees, insurance and other issuance costs plus a premium of \$100,000). The bonds were issued to finance a portion of the cost of construction of the OCFA's Regional Fire Operations and Training Center and are to be repaid with general revenues of the OCFA. The bonds were issued in denominations of \$5,000 each and bear interest at rates ranging from 3.0% to 4.0%. The bonds mature in annual installments ranging from \$2,710,000 to \$3,590,000 from 2002 through 2010.

Bonds maturing on or after September 1, 2007, are subject to redemption at the election of the OCFA, in the order of maturity directed by the OCFA and by lot within a maturity as a whole or in part, on any date on or after August 1, 2006. Redemption prices are expressed as a percentage of the principal amount of the bonds called for redemption. Bonds maturing August 1, 2006, through July 31, 2007, may be redeemed at a redemption price of 101%, plus accrued interest to the date fixed for redemption. Bonds maturing August 1, 2007, and thereafter may be redeemed at a redemption price of 100%, plus accrued interest to the date fixed for redemption.

Principal is payable annually on August 1. Interest is payable semiannually on February 1 and August 1. The 10% required reserve for the bonds was fully funded as of June 30, 2008. The amount of bonds outstanding as of June 30, 2008, was \$10,365,000. The annual debt

service payment requirements with respect to the 2001 Revenue Bonds as of June 30, 2008, are as follows:

FYE June 30	Principal	Interest	Total
2009	\$ 3,325,000	\$ 339,663	\$ 3,664,663
2010	3,450,000	210,875	3,660,875
2011	3,590,000	71,800	3,661,800
Subtotal	10,365,000	622,338	10,987,338
Plus: Bond premium	27,219	-	27,219
Total	<u>\$ 10,392,219</u>	<u>\$ 622,338</u>	<u>\$ 11,014,557</u>

Arbitrage is the difference between the yield on an issuer's tax-exempt bonds and the investment income earned on the proceeds. Arbitrage restrictions imposed by the federal government prohibit an issuer from retaining arbitrage profits when investing bond proceeds at a yield that exceeds the yield on the bonds. Any excess arbitrage must be rebated to the U.S. Treasury. The OCFA is required to have an arbitrage rebate calculation performed for its 2001 Revenue Bonds every five years after the bonds are issued and to rebate any arbitrage earnings in excess of the bond yield (3.57308600%) to the federal government. No rebate liability existed on the 2001 Revenue Bonds as of June 30, 2008.

(b) Capital Lease Purchase Agreements

Lease Purchase Agreement – 2003

On July 29, 2003, the OCFA entered into a seven-year financing agreement for \$9,147,260 Equipment Lease-Purchase Agreement with Bank of America Leasing & Capital, LLC, which bears interest rates ranging from 1.96% to 2.59%. Principal payments totaling \$872,968 were made during the year ended June 30, 2008. All lease proceeds and interest earnings were expended in the final disbursement request dated June 1, 2005, and the related assets have been capitalized as equipment in the government-wide financial statements. Amortization of the leased assets is included with depreciation expense. The annual lease payment requirements with respect to the 2003 Lease Purchase Agreement as of June 30, 2008, are as follows:

FYE June 30	Principal	Interest	Total
2009	\$ 895,722	\$ 53,376	\$ 949,098
2010	919,073	30,025	949,098
2011	468,482	6,067	474,549
Total	<u>\$ 2,283,277</u>	<u>\$ 89,468</u>	<u>\$ 2,372,745</u>

Lease Purchase Agreement – 2005

On November 17, 2005, the OCFA entered into an Equipment Lease-Purchase Agreement and Escrow Trust Agreement (Agreement) with Citimortgage, Inc. (Citimortgage). Under

the terms of the Agreement, \$5,841,858 was deposited into an escrow account with UMB Bank, N.A. (UMB) to be used by the OCFA for the acquisition of certain equipment. As of June 30, 2008, the OCFA had purchased \$709,425 and \$5,558,094 of equipment and vehicles, respectively, using the original proceeds of the lease and \$425,661 of accrued interest.

Under the terms of the Agreement, Citimortgage leased the equipment to the OCFA at an annual interest rate of 3.55%. Rental payments are payable quarterly commencing February 17, 2006, and terminating on November 17, 2012. Title to the equipment vests with the OCFA during the term of the Agreement; accordingly, the lease has been recorded as a capital lease liability of the OCFA. During the year ended June 30, 2008, the OCFA made principal payments totaling \$789,485. The outstanding balance of the capital lease liability was \$3,919,253 as of June 30, 2008. The annual lease payment requirements with respect to the 2005 Lease Purchase Agreement as of June 30, 2008, are as follows:

FYE June 30	Principal	Interest	Total
2009	\$ 817,889	\$ 128,325	\$ 946,214
2010	847,312	98,902	946,214
2011	877,796	68,416	946,212
2012	909,374	36,838	946,212
2013	466,882	6,225	473,107
Total	\$ 3,919,253	\$ 338,706	\$ 4,257,959

**(9) Interfund Transfers**

Interfund transfers are used to move revenues from the fund required by statute or budget to collect them to the fund required by statute or budget to expend them. The following transfers were made for the year ended June 30, 2008:

Transfers In	Transfers Out		
	(a)	(b)	Total
	General Fund	Nonmajor Governmental	
Communications & Information Systems	\$ 3,351,756	\$ 63,517	\$ 3,415,273
Vehicle Replacement	14,944,735	626,997	15,571,732
Capital Projects	9,526,060	114,547	9,640,607
Nonmajor governmental	1,287,298	-	1,287,298
Total	\$ 29,109,849	\$ 805,061	\$ 29,914,910

(a) Transfers totaling \$29,109,849 were made from the General Fund for current and future capital improvement projects.

(b) The 2001 Revenue Bonds were pre-funded during the year ended June 30, 2005, by transfers from other funds. Transfers representing interest earned in the amount of \$805,061 were

made from the Debt Service Fund. These transfers were not required for repayment of the bonds.

**(10) Prior Period Adjustment**

During previous fiscal years, the OCFA used the Miscellaneous Trust Fund to account for donations and other miscellaneous receipts that were to be expended for specific purposes over the course of multiple fiscal years. The fund was classified as a private purpose trust fund (a type of fiduciary fund), which, by definition, should be used to account for monies held on behalf of others and should not support a government's own programs. The OCFA has determined that activities previously tracked in the Miscellaneous Trust Fund supported the OCFA's own programs and, therefore, should no longer be accounted for within a fiduciary fund. During the year ended June 30, 2008, the OCFA restated beginning fund balance of the General Fund to include all cumulative activity of the Miscellaneous Trust Fund. Following is a summary of restated beginning fund balance and net assets:

	<u>Governmental Funds</u>	<u>Fiduciary Funds</u>	<u>Government- wide</u>
	<u>General Fund</u>	<u>Miscellaneous Trust Fund</u>	<u>Governmental Activities</u>
Beginning fund balance/net assets, as previously reported	<u>\$55,868,042</u>	<u>\$594,762</u>	<u>\$246,514,925</u>
Prior period adjustment:			
Cash and investments	495,840	(495,840)	495,840
Accounts receivable, net	95,996	(95,996)	95,996
Capital assets, net of accumulated depreciation	-	(72,973)	72,973
Accounts payable	<u>(70,047)</u>	<u>70,047</u>	<u>(70,047)</u>
Net prior period adjustment	<u>521,789</u>	<u>(594,762)</u>	<u>594,762</u>
Beginning fund balance/net assets, as restated	<u>\$56,389,831</u>	<u>\$ -</u>	<u>\$247,109,687</u>

**(11) Operating Leases**

The OCFA is obligated under operating lease agreements for three vehicles. The OCFA is also obligated under operating lease agreements for the rental of various fire stations, including a space at the Fullerton Airport.

- Seventeen city-owned stations are leased for \$1 per year through June 30, 2010.
- The OCFA leases space at Fullerton Airport for Fire Station No. 41. Monthly lease payments range from \$3,540 to \$3,762. The term of the agreement extends through December 31, 2009.

Additionally, the OCFA pays month-to-month rent of \$2,500 for Fire Station No. 38 (Irvine). There is no expiration date for this agreement. Future minimum lease payments under these operating leases (excluding month-to-month agreements) are as follows:

	<u>Fire Stations</u>	<u>Vehicles</u>	<u>Total</u>
FY 2008-09	\$ 51,329	\$ 19,241	\$ 70,570
FY 2009-10	22,589	1,511	24,100
Total	<u>\$ 73,918</u>	<u>\$ 20,752</u>	<u>\$ 94,670</u>

**(12) Insurance**

(a) Coverage Limits

The OCFA has purchased commercial insurance coverage for general, auto, property, aviation and pollution liabilities; public official and auto verifier bonds; and excess coverage for the self-insured workers compensation. Coverage limits include the following:

<u>Type of Coverage</u>	<u>Limit</u>
General Liability:	
Each Occurrence or Wrongful Act	\$1,000,000
General Aggregate	\$2,000,000
Management Liability	\$1,000,000
Auto Liability – Combined Single Limit	\$1,000,000
Umbrella Liability	\$10,000,000
Property Liability:	
Buildings and Contents	Scheduled Replacement Cost
Crime / Employee Dishonest Coverage	\$500,000
Aviation Liability	\$20,000,000
Pollution Liability	\$1,000,000
Public Official Bonds	\$1,000,000 each
Auto Verifier Bonds	\$5,000 each
Excess Workers Compensation	Statutory Limits

At June 30, 2008, the OCFA had no outstanding claims which exceed insurance coverage; therefore, no claims liability has been accrued. There have been no significant changes in insurance coverage as compared to last year, and settlements have not exceeded coverage in each of the past three fiscal years.

(b) Self-Insurance

The OCFA transitioned its program for workers' compensation insurance from Guaranteed Cost to Self-Insurance effective March 1, 2002. The OCFA's self-insurance program covers workers' compensation claims up to \$2,000,000. Workers' compensation claims in excess of the self-insured level are insured by the California State Association of Counties Excess Insurance Authority (CSAC-EIA) at statutory limits. The OCFA utilizes the services of a third-party claims administrator for administration of workers' compensation claims.

The claims liability reported in the General Fund for workers' compensation is based on the requirements of Governmental Accounting Standards Board Statement No. 10. GASB Statement No. 10 requires that a liability for claims be reported if information prior to the

issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of loss can be reasonably estimated. This estimated liability includes claims that have been incurred but not yet reported (IBNR's). As of June 30, 2008, claims payable amounted to \$14,846,767. The OCFA has established a designation for workers' compensation in the General Fund for \$28,316,776. A summary of changes in claims payable for the years ended June 30, 2008 and 2007, including the current and long term portions at year-end, is as follows:

	FYE June 30	
	2008	2007
Unpaid claims, beginning of fiscal year	\$ 13,018,736	\$ 11,805,072
Incurred claims (including IBNR's)	7,234,410	5,346,485
Claim payments	(5,406,379)	(4,132,821)
Unpaid claims, end of fiscal year	14,846,767	13,018,736
Less: current portion	(6,165,518)	(4,557,711)
Long-term portion	\$ 8,681,249	\$ 8,461,025

**(13) Short-Term Debt**

On July 2, 2007, the OCFA issued \$20,000,000 of Tax and Revenue Anticipation Notes (TRAN) at an interest rate of 4.0% for the purpose of funding interim cash flow requirements in the General Fund. The TRAN was repaid on June 30, 2008. The interest expense relating to the TRAN for the year ended June 30, 2008, was \$795,556.

Governmental Activities	Beginning Balance	Additions	Payments	Ending Balance
2007-2008 TRAN	\$ -	\$ 20,000,000	\$ (20,000,000)	\$ -

**(14) Jointly Governed Organization**

In 1990, the OCFA entered into a joint powers agreement with the cities of Anaheim, Santa Ana, Huntington Beach and Newport Beach to form the City Hazardous Materials Emergency Response Authority (OCCHMERA). The agreement was amended in November 2000 and the City of Newport Beach is no longer a participant. The purpose of OCCHMERA is to enable public entities to receive hazardous materials emergency responses and related services without incurring the direct costs required to establish and maintain response teams. OCCHMERA's governing board consists of one representative from each participating member (Orange County Fire Authority, City of Anaheim, City of Santa Ana and City of Huntington Beach) and three representatives from among any other public entities that have signed a subscription agreement to receive hazardous materials emergency response services.

Each of the provider agencies is responsible for its percentage of interest contribution of OCCHMERA's annual budget by making in-kind contributions to the OCFA in the form of a response team. The percentage of interest contribution is calculated based on the estimated number of subscribing agencies. On a quarterly basis and upon dissolution, all surplus money is



and will be distributed to each of the provider members in accordance with the percentages stated in the agreement.

Separate financial statements can be obtained from the City of Anaheim, 201 South Anaheim Boulevard, Suite 300, Anaheim, California 92805. The following is summarized financial information of OCCHMERA for the year ended June 30, 2008:

Total assets	<u>\$ 85,383</u>
Total liabilities	<u>\$ 41,009</u>
Total members equity	<u>\$ 44,374</u>
Total revenues	<u>\$ 174,935</u>
Total expenditures	<u>\$ 153,447</u>

**(15) Retirement Plan for Full-Time Employees**

(a) Plan Description

The OCFA participates in the Orange County Employees' Retirement System (OCERS), a cost-sharing multiple-employer, defined benefit pension plan covering substantially all employees of the County of Orange (County) and the following agencies: City of San Juan Capistrano; Orange County Cemetery District; Orange County Children and Families Commission; Orange County Department of Education; Orange County Employees Retirement System; Orange County Fire Authority (OCFA); Orange County In-Home Supportive Services Public Authority; Orange County Local Agency Formation Commission; Orange County Public Law Library; Orange County Sanitation District; Orange County Superior Court; Orange County Transportation Authority; Transportation Corridor Agencies; University of California, Irvine Medical Center and Campus. The participating entities share proportionally in all risks and costs, including benefit costs.

OCERS was established in 1945 under the provisions of the County Employees Retirement Law of 1937, and provides members with retirement, death, disability and cost-of-living benefits. The Retirement Board consists of nine members and one alternate. Four members of the Board of Retirement are appointed by the County Board of Supervisors; four members (including the alternate) are elected by active members of the system; one member is elected by the retirees; and the County Treasurer is an ex-officio member. Members employed prior to September 21, 1979, are designated as Tier I members. For Tier II members employed after September 20, 1979, the County Board of Supervisors adopted certain sections of the Government Code which established formulas producing reduced allowances.

OCERS issues a publicly available financial report that includes financial statements and required supplementary information for the cost-sharing plans that are administered by OCERS. The report can be obtained from OCERS at 2223 Wellington Avenue, Santa Ana, California 92701.

(b) Funding Policy

All regular, full-time employees and part-time employees (over 20 hours per week) become members of the plan upon employment. Participating agencies make periodic contributions to OCERS in amounts such that, when combined with employees' contributions and with investment income, should fully provide for all employees' benefits by the time they retire. The OCFA's policy is to pay both the employer's and the employees' contributions to the plan pursuant to Government Code Sections 31581.1 and 31581.2, respectively. In addition, the OCEA members, Administrative Management members and non-suppression Executive Management members contribute towards the enhanced retirement benefit of 2.7% at age 55.

(c) Benefits

OCFA plan members who retire at or after age 50 with 10 or more years of service are entitled to an annual retirement allowance. The amount of the retirement allowance is based upon the member's age at retirement, the member's "final compensation" as defined in Section 31462 of the Retirement Law of 1937, the total years of service under OCERS and the employee's classification as a Tier I or Tier II member. Benefits fully vest on reaching five years of service. OCERS also provides death and disability benefits.

(d) Contributions

Members are required to contribute a percentage of their annual compensation to OCERS. Each year, an actuarial valuation is performed for OCERS as a whole and contribution rates then vary among participating entities. The table below summarizes the OCFA's required contribution rates for employees (paid by the OCFA) and for the employer for the current and preceding two fiscal years.

FYE June 30	Employee Contribution Rates (Paid by the OCFA)				Employer Contribution Rates	
	Safety		General		Safety	General
	Tier I	Tier II	Tier I	Tier II		
2006	3.63-5.81%	5.15-8.26%	4.83-14.10%	4.50-13.50%	32.88%	15.74%
2007	4.28-6.29%	5.93-9.06%	6.89-14.38%	6.46-14.38%	33.85%	22.23%
2008	4.25-6.24%	5.90-9.01%	6.84-14.31%	6.41-14.31%	34.02%	22.56%

The table below summarizes the OCFA's payroll and contribution information for the current and preceding two fiscal years. For all three years, the OCFA's actual contributions were equal to 100% of the required contributions.

FYE June 30	OCFA Payroll		OCFA's Required and Actual Contributions			
	Total	Covered by OCERS	OCFA's Required		Total	% of Covered Payroll
			Safety	General		
2006	\$107,121,318	\$ 91,208,308	\$28,553,825	\$1,864,642	\$30,418,467	33.4%
2007	112,504,325	95,823,423	30,592,570	3,160,498	33,753,068	35.2%
2008	125,744,817	100,313,038	32,242,142	3,467,384	35,709,526	35.6%

**(16) Retirement Plan for Part-Time Employees**

(a) Plan Description

The OCFA provides a single-employer post-employment Defined Benefit Retirement Plan (Plan) for its less than half-time and extra help employees. The Plan, which was established on January 1, 1997, provides retirement benefits in the form of a lifetime annuity. The Board establishes and amends all Plan provisions. A separate, audited pension plan report is not available.

(b) Funding Policy

All eligible half-time and extra help employees hired on or after January 1, 1997, are eligible to participate in the Plan and are required to contribute a percentage of their earnings. The Plan's activity is accounted for in the Extra Help Retirement Fund, a pension trust fund of the OCFA. The Plan earns interest at an annual rate of 5%, which is applied to participant balances each December 31 and June 30.

(c) Benefits

Annual retirement benefits are calculated at the rate of 2% of career earnings. Upon retirement, participants are eligible to receive their benefit either as a lump sum payment or as a monthly payment. As of June 30, 2008, there were no retirees eligible to receive these benefits. If employment with the OCFA is terminated prior to retirement, the employee may be eligible to receive a lump sum distribution in lieu of any future benefits payable under the Plan. Following is a summary of the benefits for the current and the two preceding years:

<u>FYE</u> <u>June 30</u>	<u>Retirement</u> <u>Benefits</u>	<u>Lump Sum Distributions</u>	
		<u>Amount</u>	<u>Number of</u> <u>Employees</u>
2006	\$ -	\$ 2,002	7
2007	-	7,194	27
2008	-	25,394	35

(d) Contributions

Required contribution rates, which range from 2.5% to 7.5%, are determined by a formula based on the age of the employee. The contribution requirement for the year ended June 30, 2008, totaled \$35,737. The table below summarizes contribution information for the current and the preceding two fiscal years. For all three years, the actual contributions were equal to 100% of the required contributions.

<u>FYE</u> <u>June 30</u>	<u>Required and Actual</u> <u>Contributions</u>
2006	\$11,600
2007	27,208
2008	35,737

(e) Individual Fund Financial Statements

Following are the financial statements for the Extra Help Retirement Fund as of and for the year ended June 30, 2008:

Statement of Fiduciary Net Assets

Assets:	
Cash and investments – Local Agency Investment Fund	<u>\$60,115</u>
Net assets:	
Assets held in trust for pension benefits	<u>\$60,115</u>

Statement of Changes in Fiduciary Net Assets

Additions:	
Contributions – plan members	\$35,737
Net investment income – interest	<u>2,169</u>
Total additions	37,906
Deductions – benefits and refunds paid to plan members and beneficiaries	
	<u>(25,394)</u>
Change in net assets	
	12,512
Net assets, beginning of year	
	<u>47,603</u>
Net assets, end of year	
	<u>\$60,115</u>

**(17) Defined Benefit Retiree Medical Plan – Other Post-Employment Benefits (OPEB)**

(a) Plan Description

During the year ended June 30, 2008, the OCFA implemented GASB Statement No. 45, which changed the accounting and financial reporting used by local government employers for post-employment benefits. Previously, the costs of such benefits were generally recognized as expenditures/expenses of local government employers on a pay-as-you-go basis. The new reporting requirements for these benefit programs as they pertain to the OCFA are as set forth below.

The OCFA provides a post-employment Retiree Medical Plan (Plan), a single-employer defined benefit plan, for its full-time employees hired prior to January 1, 2007. The Plan, which was established on January 1, 1997, and amended on September 28, 2006, provides a monthly grant toward the cost of retirees' health insurance coverage. The Board establishes and amends all Plan provisions through negotiations with labor bargaining units.

The Plan's assets are held in an irrevocable trust for the exclusive benefit of Plan participants and are administered by the Orange County Employees' Retirement System (OCERS). Funds are held in trust accounts established pursuant to Sections 115 and 401(h) of the Internal Revenue Code and are held separate from the assets of the OCERS retirement system, except for investment purposes. A publicly available financial report can be obtained from OCERS at 2223 Wellington Avenue, Santa Ana, California 92701.

Prior to the amendment on September 28, 2006, all Plan activity was accounted for in the OCFA's Retiree Medical Fund. Thereafter, plan assets were remitted to OCERS and are no longer reported in the OCFA's financial statements.

(b) Funding Policy

All retirees and full-time employees hired prior to January 1, 2007, are eligible to participate in the Plan. Current, active employees are required to contribute 4% of their pay through payroll deductions to the OCFA. (Prior to September 28, 2006, the required contribution rate was 1% of pay.) The OCFA periodically remits Plan contributions to the trust administered by OCERS in amounts such that, when combined with investment income, should fully provide for all employees' benefits by the time they retire.

(c) Benefits

Participating employees who are credited with at least one year of service are eligible to receive Plan benefits upon retirement. A participating employee who terminates employment with the OCFA for reasons other than retirement is eligible to begin receiving Plan benefits at age 55. Participants must be covered under a qualified health plan, Medicare or a recognized health insurance plan.

The amount of the monthly grant is based on years of credited service and is applied as a credit towards the cost of the retiree's monthly medical insurance premium. For the year ended June 30, 2008, there were 317 eligible retirees who received monthly benefits aggregating to an annual total of \$1,583,086.

(d) Annual OPEB Cost and Net OPEB Obligation/Asset

The OCFA's Annual OPEB Cost is equal to the annual required contribution to the Plan, plus an adjustment for the cumulative difference between the Annual OPEB Cost and the OCFA's actual contributions for the year. The cumulative difference is called the Net OPEB Obligation (NOPEBO) (or a Net OPEB Asset if annual required contributions are over-funded). For the year ended June 30, 2008, the OCFA's annual OPEB cost was \$6,529,769, as determined by an actuarial valuation with a measurement date as of July 1, 2006, and was calculated as follows:

Annual Required Contribution (ARC)	\$6,529,769
Interest on the Net OPEB Obligation (NOPEBO)	- (1)
Actuary's adjustment on the ARC	- (1)
Annual OPEB Cost	<u>\$6,529,769</u>

During the year ended June 30, 2008, the OCFA's actual contributions totaled \$3,523,363, resulting in an increase to the NOPEBO of \$3,006,406 (the difference between the Annual OPEB Cost and actual contributions). The outstanding balance of the NOPEBO as of June 30, 2008, was \$3,006,406. Following is a schedule of employer contributions, *presented as required supplementary information*, as well as a calculation of the OCFA's Net OPEB Asset

(Obligation) for the current and previous year. (Three years will be presented as data becomes available.)

FYE June 30	(a) Annual OPEB Cost	(b) Actual Contributions	(b/a) % of Annual OPEB Cost Contributed	(b-a) Net OPEB (Obligation) Asset	
2007	\$6,529,769	\$9,729,352	149.0%	\$3,199,583	(2)
2008	6,529,769	3,523,363	54.0%	(3,006,406)	(3)

- (1) Interest and the actuary's adjustment were \$0 for the year ended June 30, 2008, because there was no outstanding NOPEBO at the beginning of the year.
- (2) The OCFA implemented GASB Statement 43 during the year ended June 30, 2007, and calculated the net OPEB Obligation / Asset for disclosure purposes only. Accordingly, an asset was not recorded in the accompanying government-wide financial statements.
- (3) GASB Statement 45 was implemented during the year ended June 30, 2008, which requires both disclosure in the footnotes, as well as accrual of the asset or liability in the accompanying government-wide financial statements.

(e) Funded Status and Funding Progress

The following schedule of funding progress, *presented as required supplementary information*, shows the change in the actuarial value of Plan assets over time in relation to the actuarial accrued liabilities for benefits.

	(a)	(b)	(b-a)	(a/b)	(c)	(b-a)/c UAAL as a % of Covered Payroll
As of July 1*	Actuarial Value of Assets	Entry Age Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	
2006	\$ 7,435,632	\$60,807,597	\$53,371,965	12.2%	\$95,608,358	55.8%

\* An actuarial valuation is required to be completed every two years. Three years will be presented as data becomes available in future fiscal years.

(f) Actuarial Methods and Assumptions

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. The funded status of the Plan and the annual required contributions of the OCFA are subject to revision as actual results are compared with past expectations and new estimates are made about the future.

The annual required contribution for the year ended June 30, 2008, was determined by an actuarial valuation of the Plan dated June 30, 2006. Unfunded liabilities are amortized over a

closed period ending June 30, 2036. The principle assumptions and methods used to determine the annual required contribution were as follows:

- Valuation date July 1, 2006
- Actuarial cost method Entry age normal, level dollar
- Amortization method 30 years, closed, level dollar
- Remaining amortization period 30 years as of June 30, 2006
- Asset valuation method Market value
- Actuarial assumptions:
  - Investment rate of return / discount rate 7.75%
  - Projected salary increases 4.1% - 10.5%
  - Inflation 3.5%
  - Increase in retiree medical grant 5.0%
- Plan membership:
  - Current retirees and surviving spouses 243
  - Current active members 1,042

### **(18) Retiree Defined Contribution Healthcare Expense Reimbursement Plan**

On September 28, 2006, the OCFA created the Orange County Fire Authority Retiree Defined Contribution Healthcare Expense Reimbursement Plan (Plan), an employer-sponsored defined contribution benefit plan. The Plan, which became effective January 1, 2007, provides for the reimbursement of medical, dental and other healthcare expenses of retirees. The Board establishes and amends all Plan provisions in conjunction with its negotiated labor contracts and is subject to all applicable requirements of the Myers-Milias-Brown Act and any other applicable law. Plan assets are held in trust in a VantageCare Retirement Health Savings Plan that is administered by the International City Management Association Retirement Corporation (ICMA-RC).

All active, full-time employees who became employed by the OCFA on or after January 1, 2007, are required to contribute 4% of their gross pay through payroll deductions to the OCFA. All contributions, investment income, realized and unrealized gains and losses are credited to individual recordkeeping accounts maintained in the name of each Plan participant. Account assets are invested as directed by the participant from among investment funds selected by the OCFA. Participants are eligible to receive Plan benefits upon reaching retirement age, including those who terminate employment with the OCFA for reasons other than retirement. Required and actual OCFA contributions totaled \$188,401 for the year ended June 30, 2008.

### **(19) Subsequent Events**

#### **(a) Short-term Debt**

On August 7, 2008, the OCFA issued \$28,000,000 of Tax and Revenue Anticipation Notes (TRAN) at an interest rate of 3.0%. The TRAN, which matures on June 30, 2009, was issued to fund interim cash flow requirements in the General Fund. The OCFA has issued this short-term borrowing instrument annually for each of the last eleven fiscal years. In conjunction with the issuance of the TRAN, the OCFA Board also authorized up to \$25 million of short-term interfund borrowing in the General Fund to cover projected cashflow shortfalls. On July 24, 2008, an interfund liability was established in the General Fund for



amounts borrowed from the Debt Service Fund (\$5 million), the Communications & Information Systems Fund (\$7 million), the Vehicle Replacement Fund (\$11 million) and the Facilities Maintenance & Improvements Fund (\$2 million). Amounts will be repaid with interest when General Fund revenues become available.

(b) Santiago Fire After Action Report (AAR)

In October 2007, Southern California experienced a series of devastating wildland fires, including the Santiago Fire within the jurisdiction of the OCFA. Because of the magnitude and complexity of the incident, the OCFA conducted an After Action Report (AAR) intended to help the OCFA better prepare for this type of wildland fire in the future. On March 27, 2008, the Board of Directors approved various recommendations within the AAR pertaining to mitigation and preparation, prevention and response. Recommendations with future financial impact to the OCFA, pending updated financial reviews, include the following:

- Staffing on type-3 wildland engines may be increased to four persons at twelve stations (for a total of thirty-six new positions over three shifts). The increased staffing may be phased in by the addition of nine firefighter positions over a four-year period in order to slowly measure the impact of increased expenditures against actual revenue growth. The OCFA anticipates an additional \$719,000 of expenditures may be incurred in Fiscal Year 2008-09.
- The seasonal hand crew (22 part-time laborer positions) will be converted to year-round status effective January 2009. The OCFA anticipates an additional \$366,000 of expenditures will be incurred in Fiscal Year 2008-09.
- The OCFA will accelerate the purchase of two new Bell 412EP helicopters to Fiscal Year 2008-09 at an anticipated purchase price of \$22,041,782. At its meeting on July 24, 2008, the Board of Directors authorized continued maintenance of the two existing Bell UH-1H helicopters, which may increase the total fleet from two to four aircraft.
- Fire Station No. 41 at Fullerton Airport is scheduled for replacement in Fiscal Year 2008-09 at an estimated cost of \$2 million. At its meeting on September 18, 2008, the Board of Directors approved issuance of a purchase order to WLC Architects, Inc. in an amount not to exceed \$340,000 for architectural and engineering services pertaining to the replacement of Fire Station No. 41 at Fullerton Airport.

(c) Contract Commitments

Bell 412EP Helicopters

On April 24, 2008, the Executive Committee authorized issuance of a purchase order to Edwards & Associates, Inc. in the amount of \$21,609,590 for the purchase of two Bell 412EP helicopters. The Committee also authorized the establishment of a contingency fund totaling \$432,192 to fund aircraft delivery ferry flights, purchase tools and maintenance supplies and fund the cost of potential aircraft technical improvements during production.

Production of both helicopters will take place during 2008, with final delivery expected in 2009. An initial payment equal to approximately 83% of the purchase price is due when the helicopters are delivered to Edwards & Associates, Inc., with the balance due within thirty days of OCFA's acceptance of the aircraft. Two payments in the amount of \$8,950,879 each (totaling \$17,901,758) were made on July 31, 2008, and September 18, 2008, for the first and second helicopters, respectively.

#### Fire Apparatus

Effective July 1, 2008, the Executive Committee approved the issuance of a purchase order to the Odin Foam Division of W.S. Darley & Company in the amount of \$488,603 for the purchase of seven skid-mounted compressed air foam systems (CAFS).

On July 24, 2008, the OCFA approved a cooperative purchasing agreement with the County of Riverside for the purchase of five Type I Wildland Interface Fire Engines and authorized the issuance of a purchase order to Smeal Fire Apparatus Company in an amount not to exceed \$2,132,630.

On September 18, 2008, the OCFA approved the issuance of a purchase order to Kovatch Fire Apparatus (KME) for the purchase of six Type I Fire Engines in an amount not to exceed \$2,760,048. Five of the new engines will replace existing engines in the OCFA fleet. The sixth new engine is a developer-funded engine for Fire Station No. 20 (Irvine).

#### (d) Grant Agreements and Other Funding

On July 24, 2008, the OCFA accepted an Administrative Preparedness Grant in the amount of \$1,030,929 from the Department of Homeland Security/Federal Emergency Management Agency for the National Urban Search and Rescue Program. Grant funds will be used to equip and train members of California Task Force Five. The OCFA also approved the issuance of a \$140,000 purchase order to General Services Agency (GSA) for the purchase of a Freightliner Semi-Truck, which will be funded by the grant proceeds.

On July 24, 2008, the OCFA accepted a \$110,000 grant from the Department of Homeland Security California State Homeland Grant Program. The funds will be used toward the appointment of a Fire Captain to the Orange County Intelligence Assessment Center.

On September 18, 2008, the OCFA approved assignment of the Cooperative Fire Protection Agreement between the State of California Department of Forestry and Fire Protection (Cal Fire) and the County of Orange (County). This tri-party agreement among Cal Fire, the County and the OCFA allows the OCFA to continue providing Cal Fire services within the State Responsibility Areas (SRA's) of Orange County. The agreement is effective July 1, 2008, and will provide approximately \$15.5 million in revenue to the OCFA over the next three fiscal years.

## Major Governmental Funds

### *Special Revenue Funds*

#### **Communications & Information Systems**

This fund is used to account for the replacement of specialized fire communications equipment and information systems equipment.

#### **Vehicle Replacement**

This fund is used to account for the planned replacement of fire apparatus and vehicles.

### *Capital Projects Fund*

#### **Capital Projects**

This fund is used to account for capital expenditures requirements, such as the replacement of sub-standard fire stations and construction of new fire stations.



# Supplementary

# Schedules



## Public Communication & Outreach

The Corporate Communications section of the OCFA was responsible for providing information to the public and responding to media inquiries during the Santiago Fire. During the duration of the fire, the Media Center received almost 11,000 phone calls and the OCFA website received over 18 million hits. Numerous volunteer groups assisted during the fire by providing human services, aid and comfort to evacuated residents, freeing firefighting personnel to focus on fire suppression efforts.

**ORANGE COUNTY FIRE AUTHORITY**  
**Capital Projects**  
**Budgetary Comparison Schedule**  
**Year ended June 30, 2008**  
**(With Comparative Data for Prior Year)**

	2008			2007	
	Budget Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final		Positive (Negative)	
Budgetary fund balance, July 1	\$ 5,611,125	\$ 5,611,125	\$ 5,611,125	\$ -	\$ 12,387,398
<b>Resources (inflows):</b>					
Intergovernmental	22,816	366,614	366,614	-	22,816
Use of money and property	573,436	441,437	590,490	149,053	519,910
Miscellaneous	-	111,102	114,733	3,631	64,010
Developer contributions	1,443,392	1,082,157	1,097,832	15,675	205,578
Transfers in	6,121,806	9,640,607	9,640,607	-	-
<b>Amounts available for appropriations</b>	<b>13,772,575</b>	<b>17,253,042</b>	<b>17,421,401</b>	<b>168,359</b>	<b>13,199,712</b>
<b>Charges to appropriation (outflows):</b>					
Salaries and benefits	117,837	128,649	128,649	-	125,503
Services and supplies	-	5,655	5,655	-	271,104
Capital outlay	1,341,563	1,004,108	92,462	911,646	5,441,980
Transfers out	-	-	-	-	1,750,000
<b>Total charges to appropriations</b>	<b>1,459,400</b>	<b>1,138,412</b>	<b>226,766</b>	<b>911,646</b>	<b>7,588,587</b>
<b>Budgetary fund balance, June 30</b>	<b>\$ 12,313,175</b>	<b>\$ 16,114,630</b>	<b>\$ 17,194,635</b>	<b>\$ 1,080,005</b>	<b>\$ 5,611,125</b>

## Nonmajor Governmental Funds

### *Special Revenue Funds*

#### **Facilities Maintenance & Improvements**

This fund is used to account for financial activities associated with significant maintenance and improvement of facilities.

#### **Structural Fire Entitlement**

This fund was established in July 1999 and is used to identify, monitor and track funds allocated for service enhancements within over-funded Structural Fire Fund communities in accordance with the Amended Joint Powers Agreement. Allocations from the fund may be used only for Board-approved and OCFA-related service or resource enhancements to such over-funded members and must be approved annually by the Board of Directors.

### *Debt Service Fund*

#### **Debt Service**

This fund is used to account for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds. This fund was established in January 2002 after the issuance of the 2001 Revenue Bonds for the Regional Fire Operations and Training Center. It is used to track and fund semi-annual debt service payments and to maintain the required 10% debt service reserve.

**ORANGE COUNTY FIRE AUTHORITY**  
**Nonmajor Governmental Funds**  
**Combining Balance Sheet**  
**June 30, 2008**  
**(With Comparative Data for Prior Year)**

	<b>Special Revenue Funds</b>	
	<b>Facilities Maintenance &amp; Improvements</b>	<b>Structural Fire Entitlement</b>
<b><u>Assets</u></b>		
Cash and investments	\$ 4,013,208	\$ 2,232,963
Receivables:		
Accounts, net	1,616	-
Accrued interest	-	-
Due from other governments	114,916	-
<b>Total assets</b>	<b>\$ 4,129,740</b>	<b>\$ 2,232,963</b>
<b><u>Liabilities and Fund Balances</u></b>		
<b>Liabilities:</b>		
Accounts payable	\$ 97,179	\$ 7,848
Accrued liabilities	-	-
<b>Total liabilities</b>	<b>97,179</b>	<b>7,848</b>
<b>Fund balances:</b>		
Reserved:		
Reserved for encumbrances	97,746	-
Reserved for debt service	-	-
Unreserved:		
Designated for capital improvement program	3,695,415	-
Designated for future service enhancements	-	936,858
Designated for operating contingency	-	7,358
Designated for debt service	-	-
Undesignated	239,400	1,280,899
<b>Total fund balances</b>	<b>4,032,561</b>	<b>2,225,115</b>
<b>Total liabilities and fund balances</b>	<b>\$ 4,129,740</b>	<b>\$ 2,232,963</b>



<b>Debt Service Fund</b>	<b>Total Nonmajor Governmental Funds</b>	
<b>Debt Service</b>	<b>2008</b>	<b>2007</b>
\$ 11,370,931	\$ 17,617,102	\$ 20,281,916
-	1,616	-
173,553	173,553	61,630
-	114,916	-
<b>\$ 11,544,484</b>	<b>\$ 17,907,187</b>	<b>\$ 20,343,546</b>
\$ -	\$ 105,027	\$ 208,924
-	-	2,744
-	<b>105,027</b>	<b>211,668</b>
-	97,746	149,086
2,806,000	2,806,000	2,806,000
-	3,695,415	1,940,790
-	936,858	879,841
-	7,358	3,811
8,588,267	8,588,267	12,620,483
150,217	1,670,516	1,731,867
<b>11,544,484</b>	<b>17,802,160</b>	<b>20,131,878</b>
<b>\$ 11,544,484</b>	<b>\$ 17,907,187</b>	<b>\$ 20,343,546</b>

**ORANGE COUNTY FIRE AUTHORITY**  
**Nonmajor Governmental Funds**

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**

**Year ended June 30, 2008**  
**(With Comparative Data for Prior Year)**

	<b>Special Revenue Funds</b>	
	<b>Facilities Maintenance &amp; Improvements</b>	<b>Structural Fire Entitlement</b>
<b>Revenues:</b>		
Intergovernmental	\$ 1,475,635	\$ -
Charges for services	194,085	-
Use of money and property	139,320	107,714
Miscellaneous	3,631	-
<b>Total revenues</b>	<b>1,812,671</b>	<b>107,714</b>
<b>Expenditures:</b>		
Current - public safety:		
Salaries and benefits	-	-
Services and supplies	1,274,777	352,447
Capital outlay	-	-
Debt service:		
Principal retirement	-	-
Interest and fiscal charges	-	-
<b>Total expenditures</b>	<b>1,274,777</b>	<b>352,447</b>
Excess (deficiency) of revenues over (under) expenditures	537,894	(244,733)
<b>Other financing sources (uses):</b>		
Transfers in	1,287,298	-
Transfers out	-	-
<b>Total other financing sources (uses)</b>	<b>1,287,298</b>	<b>-</b>
Net change in fund balances	1,825,192	(244,733)
Fund balances, beginning of year	2,207,369	2,469,848
<b>Fund balances, end of year</b>	<b>\$ 4,032,561</b>	<b>\$ 2,225,115</b>

<b>Debt Service Fund</b>	<b>Total Nonmajor Governmental Funds</b>	
<b>Debt Service</b>	<b>2008</b>	<b>2007</b>
\$ -	\$ 1,475,635	\$ 1,920
-	194,085	178,797
557,147	804,181	1,080,827
-	3,631	2,092
<b>557,147</b>	<b>2,477,532</b>	<b>1,263,636</b>
-	-	180,807
-	1,627,224	1,200,255
-	-	18,810
3,205,000	3,205,000	3,270,323
457,263	457,263	567,290
<b>3,662,263</b>	<b>5,289,487</b>	<b>5,237,485</b>
<b>(3,105,116)</b>	<b>(2,811,955)</b>	<b>(3,973,849)</b>
-	1,287,298	667,310
(805,061)	(805,061)	(696,280)
<b>(805,061)</b>	<b>482,237</b>	<b>(28,970)</b>
(3,910,177)	(2,329,718)	(4,002,819)
15,454,661	20,131,878	24,134,697
<b>\$ 11,544,484</b>	<b>\$ 17,802,160</b>	<b>\$ 20,131,878</b>

**ORANGE COUNTY FIRE AUTHORITY**  
**Facilities Maintenance & Improvements**  
**Budgetary Comparison Schedule**  
**Year ended June 30, 2008**  
**(With Comparative Data for Prior Year)**

	2008			Variance with Final Budget Positive (Negative)	2007
	Budget Amounts		Actual Amounts		Actual Amounts
	Original	Final			
Budgetary fund balance, July 1	\$ 2,207,369	\$ 2,207,369	\$ 2,207,369	\$ -	\$ 2,579,788
<b>Resources (inflows):</b>					
Intergovernmental	-	1,360,719	1,475,635	114,916	1,920
Charges for services	240,000	194,085	194,085	-	178,797
Use of money and property	117,325	117,099	139,320	22,221	143,197
Miscellaneous	-	3,631	3,631	-	2,092
Transfers in	1,287,298	1,287,298	1,287,298	-	667,310
<b>Amounts available for appropriations</b>	<b>3,851,992</b>	<b>5,170,201</b>	<b>5,307,338</b>	<b>137,137</b>	<b>3,573,104</b>
<b>Charges to appropriation (outflows):</b>					
Services and supplies	1,377,739	1,399,339	1,274,777	124,562	1,173,812
Capital outlay	5,447	75,447	-	75,447	18,810
Principal retirement	-	-	-	-	170,323
Interest and fiscal charges	-	-	-	-	2,790
<b>Total charges to appropriations</b>	<b>1,383,186</b>	<b>1,474,786</b>	<b>1,274,777</b>	<b>200,009</b>	<b>1,365,735</b>
<b>Budgetary fund balance, June 30</b>	<b>\$ 2,468,806</b>	<b>\$ 3,695,415</b>	<b>\$ 4,032,561</b>	<b>\$ 337,146</b>	<b>\$ 2,207,369</b>

**ORANGE COUNTY FIRE AUTHORITY**  
**Structural Fire Entitlement**  
**Budgetary Comparison Schedule**  
**Year ended June 30, 2008**  
**(With Comparative Data for Prior Year)**

	2008			Variance with Final Budget Positive (Negative)	2007
	Budget Amounts		Actual Amounts		Actual Amounts
	Original	Final			
Budgetary fund balance, July 1	\$ 2,469,848	\$ 2,469,848	\$ 2,469,848	\$ -	\$ 2,544,529
<b>Resources (inflows):</b>					
Use of money and property	91,273	82,612	107,714	25,102	132,569
<b>Amounts available     for appropriations</b>	<b>2,561,121</b>	<b>2,552,460</b>	<b>2,577,562</b>	<b>25,102</b>	<b>2,677,098</b>
<b>Charges to appropriation (outflows):</b>					
Salaries and benefits	208,690	-	-	-	180,807
Services and supplies	34,750	1,608,245	352,447	1,255,798	26,443
<b>Total charges     to appropriations</b>	<b>243,440</b>	<b>1,608,245</b>	<b>352,447</b>	<b>1,255,798</b>	<b>207,250</b>
<b>Budgetary fund balance, June 30</b>	<b>\$ 2,317,681</b>	<b>\$ 944,215</b>	<b>\$ 2,225,115</b>	<b>\$ 1,280,900</b>	<b>\$ 2,469,848</b>

**ORANGE COUNTY FIRE AUTHORITY  
Debt Service**

**Budgetary Comparison Schedule**

**Year ended June 30, 2008**

**(With Comparative Data for Prior Year)**

	2008			Variance with Final Budget Positive (Negative)	2007
	Budget Amounts		Actual Amounts		Actual Amounts
	Original	Final			
Budgetary fund balance, July 1	\$ 15,454,661	\$ 15,454,661	\$ 15,454,661	\$ -	\$ 19,010,380
<b>Resources (inflows):</b>					
Use of money and property	529,379	406,930	557,147	150,217	805,061
<b>Amounts available for appropriations</b>	<b>15,984,040</b>	<b>15,861,591</b>	<b>16,011,808</b>	<b>150,217</b>	<b>19,815,441</b>
<b>Charges to appropriation (outflows):</b>					
Principal retirement	3,205,000	3,205,000	3,205,000	-	3,100,000
Interest and fiscal charges	457,263	457,263	457,263	-	564,500
Transfers out	-	805,061	805,061	-	696,280
<b>Total charges to appropriations</b>	<b>3,662,263</b>	<b>4,467,324</b>	<b>4,467,324</b>	<b>-</b>	<b>4,360,780</b>
<b>Budgetary fund balance, June 30</b>	<b>\$ 12,321,777</b>	<b>\$ 11,394,267</b>	<b>\$ 11,544,484</b>	<b>\$ 150,217</b>	<b>\$ 15,454,661</b>

## Fiduciary Funds

### *Pension Trust Funds*

#### **Extra Help Retirement**

This fund is used to account for assets held by the OCFA to provide a defined benefit retirement plan for less than half-time and extra-help employees.

#### **Retirement 2.7% @ 55**

This fund is used to account for assets held by the OCFA for the enhanced retirement benefit for Orange County Employee Association (OCEA) members, Administrative Management members and non-suppression Executive Management members who contributed towards the benefit.



**ORANGE COUNTY FIRE AUTHORITY**  
**Pension Trust Funds**

**Combining Statement of Fiduciary Net Assets**

**June 30, 2008**

**(With Comparative Data for Prior Year)**

	Extra Help	Retirement	Total Pension Trust Funds	
	Retirement	2.7% @ 55	2008	2007
<b>Assets:</b>				
Cash and investments:				
Local Agency Investment Fund	\$ 60,115	\$ 428,035	\$ 488,150	\$ 1,274,461
Receivables:				
Accrued interest	-	-	-	3,614
Due from other governments	-	-	-	3,204
<b>Total assets</b>	<b>60,115</b>	<b>428,035</b>	<b>488,150</b>	<b>1,281,279</b>
<b>Liabilities:</b>				
Accounts payable	-	370,932	370,932	1,194,852
<b>Total liabilities</b>	<b>-</b>	<b>370,932</b>	<b>370,932</b>	<b>1,194,852</b>
<b>Net assets:</b>				
Assets held in trust for pension benefits	60,115	57,103	117,218	86,427
<b>Total net assets</b>	<b>\$ 60,115</b>	<b>\$ 57,103</b>	<b>\$ 117,218</b>	<b>\$ 86,427</b>

**ORANGE COUNTY FIRE AUTHORITY  
Pension Trust Funds**

**Combining Statement of Changes in Fiduciary Net Assets**

**Year ended June 30, 2008**

**(With Comparative Data for Prior Year)**

	<b>Extra Help Retirement</b>	<b>Retirement 2.7% @ 55</b>	<b>Total Pension Trust Funds</b>	
			<b>2008</b>	<b>2007</b>
<b>Additions:</b>				
Contributions:				
Plan members	\$ 35,737	\$ -	\$ 35,737	\$ 329,397
Other	-	-	-	57,050
<b>Total contributions</b>	<b>35,737</b>	<b>-</b>	<b>35,737</b>	<b>386,447</b>
Net investment income:				
Interest	2,169	18,279	20,448	106,150
<b>Total net investment income</b>	<b>2,169</b>	<b>18,279</b>	<b>20,448</b>	<b>106,150</b>
<b>Total additions</b>	<b>37,906</b>	<b>18,279</b>	<b>56,185</b>	<b>492,597</b>
<b>Deductions:</b>				
Benefits and refunds paid to plan members and beneficiaries	25,394	-	25,394	430,469
Other	-	-	-	7,455,593
<b>Total deductions</b>	<b>25,394</b>	<b>-</b>	<b>25,394</b>	<b>7,886,062</b>
Change in net assets	12,512	18,279	30,791	(7,393,465)
Net assets, beginning of year	47,603	38,824	86,427	7,479,892
<b>Net assets, end of year</b>	<b>\$ 60,115</b>	<b>\$ 57,103</b>	<b>\$ 117,218</b>	<b>\$ 86,427</b>



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## Orange County Fire Authority Safety Message

### How to Prevent Cooking Fires

1. Never leave cooking unattended.
2. Do not use a stove or oven to heat a house.
3. Keep combustibles away from cooking surface.
4. Keep cooking surface clean and free from grease build up.
5. Wear short, close fitting, tightly rolled sleeves when cooking.
6. Make sure all small appliances are turned off prior to sleeping or leaving home.

# STATISTICAL



## SECTION

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- *The Santiago Fire was declared fully under control on November 9, 2007. Suppression costs for the fire totaled approximately \$6.6 million.*
- *A Unified Command and strong coordination between fire and law enforcement was a key element of success in evacuating residents, while heroic efforts by firefighters and existing fire prevention measures were factors in saving homes.*
- *The OCFA is committed to researching additional fire prevention measures, enhancing local capability to respond to fires of this magnitude and providing additional training to better prepare OCFA's personnel for future incidents.*

## ORANGE COUNTY FIRE AUTHORITY

### Overview of the Statistical Section

The Statistical Section provides a context for understanding information in the financial statements, note disclosures and required supplementary information and how that information relates to the OCFA's overall financial health. The detailed schedules presented in the Statistical Section are grouped into five sections pertaining to financial trends, revenue capacity, debt capacity, demographic and economic information and operating information.

***Financial Trends Information*** – These schedules contain trend information to assist the reader in understanding how the OCFA's financial performance and well-being have changed over time.

***Revenue Capacity Information*** – These schedules contain information to assist the reader in assessing property taxes, the OCFA's most significant local revenue source.

***Debt Capacity Information*** – These schedules present information to assist the reader in assessing the affordability of the OCFA's current levels of outstanding debt and its ability to issue additional debt in the future.

***Demographic and Economic Information*** – These schedules offer demographic and economic indicators to assist the reader in understanding the environment within which the OCFA's financial activities take place.

***Operating Information*** – These schedules contain data to assist the reader in understanding how the information in the financial report relates to the services provided by and the activities performed by the OCFA.

**ORANGE COUNTY FIRE AUTHORITY**  
**Net Assets by Component**  
**Last Seven Fiscal Years**  
(accrual basis of accounting)

	Fiscal Year ended June 30		
	2002	2003	2004
Governmental activities:			
Invested in capital assets, net of related debt	\$ 74,964,776	\$ 84,577,088	\$ 106,274,212
Restricted	21,984,659	2,806,000	6,040,722
Unrestricted	68,108,433	91,237,276	71,360,573
Total governmental activities net assets	<u>\$ 165,057,868</u>	<u>\$ 178,620,364</u>	<u>\$ 183,675,507</u>

Source: OCFA CAFR's

Note:

The OCFA implemented GASB 34 for the fiscal year ended June 30, 2002. Information prior to the implementation of GASB 34 is not available.

2005	2006	2007	2008
\$ 112,367,478	\$ 122,819,640	\$ 138,152,825	\$ 163,340,815
21,697,161	18,673,581	15,179,905	11,331,122
59,545,780	74,568,019	93,182,195	120,539,628
<u>\$ 193,610,419</u>	<u>\$ 216,061,240</u>	<u>\$ 246,514,925</u>	<u>\$ 295,211,565</u>

**ORANGE COUNTY FIRE AUTHORITY**  
**Changes in Net Assets**  
**Last Seven Fiscal Years**  
 (accrual basis of accounting)

Governmental Activities	Fiscal Year ended June 30		
	2002	2003	2004
<b>Expenses:</b>			
Public safety:			
Salaries and benefits	\$ 116,490,090	\$ 130,211,731	\$ 143,977,399
Services and supplies	23,488,179	18,525,319	26,654,071
Depreciation	4,694,169	4,920,857	5,614,203
Interest on long-term debt	2,294,230	1,829,447	1,611,919
Total program expenses	<u>146,966,668</u>	<u>155,487,354</u>	<u>177,857,592</u>
<b>Program revenues:</b>			
Charges for services	38,671,750	45,543,494	50,000,805
Operating grants and contributions	8,301,042	3,114,024	3,821,571
Capital grants and contributions	4,377,196	2,910,680	2,002,455
Total program revenues	<u>51,349,988</u>	<u>51,568,198</u>	<u>55,824,831</u>
Net revenues (expenses)	<u>(95,616,680)</u>	<u>(103,919,156)</u>	<u>(122,032,761)</u>
<b>General revenues:</b>			
Property taxes	105,393,301	113,593,644	122,930,589
Use of money and property	5,413,039	3,254,776	1,716,086
Gain on disposal of capital assets	-	-	1,903,942
Miscellaneous	2,909,511	639,350	537,287
Total general revenues	<u>113,715,851</u>	<u>117,487,770</u>	<u>127,087,904</u>
Changes in net assets	<u>\$ 18,099,171</u>	<u>\$ 13,568,614</u>	<u>\$ 5,055,143</u>

Source: OCFA CAFR's

**Note:**

The OCFA implemented GASB 34 for the fiscal year ended June 30, 2002. Information prior to the implementation of GASB 34 is not available.



2005	2006	2007	2008
\$ 154,532,819	\$ 166,930,470	\$ 187,129,443	\$ 199,095,873
26,911,103	25,905,315	27,139,113	31,669,603
7,280,693	7,277,623	7,000,915	7,399,902
1,539,394	1,522,705	1,871,983	1,410,673
<u>190,264,009</u>	<u>201,636,113</u>	<u>223,141,454</u>	<u>239,576,051</u>
52,968,895	56,509,909	61,130,982	69,187,051
4,208,541	6,650,839	5,537,722	6,835,746
1,445,246	2,730,652	4,172,358	22,092,218
<u>58,622,682</u>	<u>65,891,400</u>	<u>70,841,062</u>	<u>98,115,015</u>
<u>(131,641,327)</u>	<u>(135,744,713)</u>	<u>(152,300,392)</u>	<u>(141,461,036)</u>
138,076,307	152,747,044	166,639,162	182,536,717
2,891,248	4,875,101	7,912,428	6,295,464
-	-	-	-
608,684	573,389	903,992	730,733
<u>141,576,239</u>	<u>158,195,534</u>	<u>175,455,582</u>	<u>189,562,914</u>
<u>\$ 9,934,912</u>	<u>\$ 22,450,821</u>	<u>\$ 23,155,190</u>	<u>\$ 48,101,878</u>

**ORANGE COUNTY FIRE AUTHORITY**  
**Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
(modified accrual basis of accounting)

	Fiscal Year ended June 30			
	1999	2000	2001	2002
<b>General Fund:</b>				
Reserved	\$ 1,359,964	\$ 3,124,562	\$ 5,871,740	\$ 1,050,795
Unreserved	<u>21,872,013</u>	<u>20,685,490</u>	<u>20,386,117</u>	<u>28,119,693</u>
<b>Total General Fund</b>	<u><b>\$ 23,231,977</b></u>	<u><b>\$ 23,810,052</b></u>	<u><b>\$ 26,257,857</b></u>	<u><b>\$ 29,170,488</b></u>
<b>All other governmental funds:</b>				
Reserved	\$ 9,462,421	\$ 6,276,955	\$ 3,663,472	\$ 43,936,761
Unreserved, reported in:				
Special revenue funds	7,931,193	17,966,726	24,998,338	22,513,537
Capital projects funds	14,226,049	22,074,754	24,601,227	16,784,424
Debt service funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,401,963</u>
<b>Total all other governmental funds</b>	<u><b>\$ 31,619,663</b></u>	<u><b>\$ 46,318,435</b></u>	<u><b>\$ 53,263,037</b></u>	<u><b>\$ 86,636,685</b></u>

Source: OCFA CAFR's

2003	2004	2005	2006	2007	2008
\$ 1,333,839	\$ 1,908,821	\$ 1,610,025	\$ 2,392,327	\$ 1,476,790	\$ 1,519,961
<u>30,058,531</u>	<u>39,531,599</u>	<u>36,571,082</u>	<u>48,163,349</u>	<u>54,391,252</u>	<u>60,436,769</u>
<u>\$ 31,392,370</u>	<u>\$ 41,440,420</u>	<u>\$ 38,181,107</u>	<u>\$ 50,555,676</u>	<u>\$ 55,868,042</u>	<u>\$ 61,956,730</u>
\$ 19,865,856	\$ 7,716,407	\$ 13,822,050	\$ 12,162,589	\$ 14,066,095	\$ 8,446,422
15,764,897	16,849,322	17,029,091	32,488,801	46,998,762	62,633,870
23,850,671	21,153,461	9,257,299	8,875,958	5,602,562	16,718,235
<u>3,593,444</u>	<u>3,678,564</u>	<u>19,267,740</u>	<u>16,204,380</u>	<u>12,648,661</u>	<u>8,738,484</u>
<u>\$ 63,074,868</u>	<u>\$ 49,397,754</u>	<u>\$ 59,376,180</u>	<u>\$ 69,731,728</u>	<u>\$ 79,316,080</u>	<u>\$ 96,537,011</u>

**ORANGE COUNTY FIRE AUTHORITY**  
**Changes in Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
 (modified accrual basis of accounting)

	Fiscal Year ended June 30			
	1999	2000	2001	2002
<b>Revenues:</b>				
Taxes	\$ 79,171,226	\$ 87,815,388	\$ 96,883,682	\$ 105,393,301
Intergovernmental	6,241,174	12,399,505	7,860,825	8,816,768
Charges for services	31,988,790	35,023,106	37,226,395	38,671,750
Use of money and property	3,262,534	4,172,168	5,973,137	5,413,039
Miscellaneous	5,021,091	2,258,118	1,553,345	3,307,861
Developer contributions	-	-	-	-
<b>Total revenues</b>	<u>125,684,815</u>	<u>141,668,285</u>	<u>149,497,384</u>	<u>161,602,719</u>
<b>Expenditures:</b>				
<b>Current - public safety:</b>				
Salaries and benefits	97,861,554	106,132,864	112,679,140	115,718,103
Services and supplies	14,687,965	15,680,121	17,434,875	27,859,749
Capital outlay	6,302,198	6,173,738	7,770,891	5,539,873
<b>Debt service:</b>				
Bond issuance costs	-	-	-	356,037
Principal retirement	-	582,649	966,644	1,013,288
Interest and fiscal charges	479,217	781,220	1,253,427	1,906,423
<b>Total expenditures</b>	<u>119,330,934</u>	<u>129,350,592</u>	<u>140,104,977</u>	<u>152,393,473</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>6,353,881</u>	<u>12,317,693</u>	<u>9,392,407</u>	<u>9,209,246</u>
<b>Other financing sources (uses):</b>				
Transfers in	4,651,942	20,340,101	19,401,115	32,721,037
Transfers out	(4,651,942)	(20,340,101)	(19,401,115)	(32,831,037)
Issuance of long-term debt	4,563,416	2,959,154	-	28,182,489
Sale of capital and other assets	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>4,563,416</u>	<u>2,959,154</u>	<u>-</u>	<u>28,072,489</u>
<b>Net change in fund balances</b>	<u>\$ 10,917,297</u>	<u>\$ 15,276,847</u>	<u>\$ 9,392,407</u>	<u>\$ 37,281,735</u>
<b>Debt service as a percentage of noncapital expenditures</b>	0.4%	1.1%	1.7%	2.2%

Source: OCFA CAFR's

2003	2004	2005	2006	2007	2008
\$ 113,593,644	\$ 122,930,589	\$ 138,076,307	\$ 152,747,044	\$ 166,639,162	\$ 182,536,717
7,723,204	10,222,840	9,279,498	12,737,022	15,643,174	24,168,953
40,933,656	43,568,603	47,912,985	50,431,293	53,191,997	53,510,278
3,254,776	1,716,086	2,891,248	5,284,539	8,379,245	7,336,664
650,151	537,287	608,684	581,708	428,475	982,487
2,910,680	642,455	1,445,246	2,730,652	1,096,262	1,744,392
<u>169,066,111</u>	<u>179,617,860</u>	<u>200,213,968</u>	<u>224,512,258</u>	<u>245,378,315</u>	<u>270,279,491</u>
129,815,086	143,515,244	151,938,290	166,670,733	186,074,623	195,481,030
46,231,678	33,541,649	27,100,196	23,188,784	27,146,936	31,386,487
8,697,468	11,424,732	8,013,300	10,838,654	9,714,765	13,323,621
-	-	-	-	-	-
3,772,207	7,410,710	4,889,349	5,033,119	5,186,766	4,867,453
1,889,607	1,605,649	1,620,267	1,985,533	2,414,453	2,526,877
<u>190,406,046</u>	<u>197,497,984</u>	<u>193,561,402</u>	<u>207,716,823</u>	<u>230,537,543</u>	<u>247,585,468</u>
<u>(21,339,935)</u>	<u>(17,880,124)</u>	<u>6,652,566</u>	<u>16,795,435</u>	<u>14,840,772</u>	<u>22,694,023</u>
16,103,994	6,361,095	24,457,025	18,435,635	24,350,337	29,914,910
(16,103,994)	(6,361,095)	(24,457,025)	(18,435,635)	(24,350,337)	(29,914,910)
-	9,147,260	-	5,841,858	-	-
-	3,842,821	66,547	92,824	55,946	93,807
-	12,990,081	66,547	5,934,682	55,946	93,807
<u>\$ (21,339,935)</u>	<u>\$ (4,890,043)</u>	<u>\$ 6,719,113</u>	<u>\$ 22,730,117</u>	<u>\$ 14,896,718</u>	<u>\$ 22,787,830</u>
3.1%	4.8%	3.5%	3.6%	3.4%	3.2%

**ORANGE COUNTY FIRE AUTHORITY**  
**Assessed Value (1) and Estimated Actual Value of Taxable Property**  
**Last Ten Fiscal Years**  
(dollars in thousands)

Jurisdiction	(2) SFF	(3) Cash	Fiscal Year 1998/99	Fiscal Year 1999/00	Fiscal Year 2000/01	Fiscal Year 2001/02	Fiscal Year 2002/03
Aliso Viejo (6)	x		n/a	n/a	n/a	n/a	\$ 4,645,701
Buena Park		x	\$ 3,794,461	\$ 4,066,288	\$ 4,415,981	\$ 4,708,003	4,992,390
Cypress	x		2,942,699	3,054,383	3,316,050	3,495,315	3,736,602
Dana Point	x		3,863,177	4,331,542	4,594,761	5,110,623	5,516,436
Irvine	x		16,764,523	18,296,436	20,405,359	22,710,140	24,858,632
Laguna Hills	x		3,000,149	3,239,893	3,457,927	3,782,350	3,967,515
Laguna Niguel	x		5,882,648	6,575,554	7,059,913	7,655,629	8,142,068
Laguna Woods (4)	x		n/a	n/a	1,394,456	1,523,257	1,608,653
Lake Forest	x		3,669,255	4,381,043	4,924,024	6,924,510	7,429,330
La Palma	x		937,079	992,816	1,073,145	1,126,504	1,155,782
Los Alamitos	x		847,209	885,552	957,159	1,008,946	1,055,691
Mission Viejo	x		6,915,714	7,575,168	8,274,317	8,836,993	9,330,631
Placentia		x	2,380,457	2,583,982	2,803,120	3,017,366	3,261,068
Rancho Santa Margarita (5)	x		n/a	n/a	3,878,531	4,378,109	4,718,088
San Clemente		x	4,180,181	4,615,202	5,139,411	5,886,511	6,831,696
San Juan Capistrano	x		2,713,850	3,036,299	3,304,879	3,600,312	3,824,457
Seal Beach		x	1,868,245	1,974,069	2,104,257	2,301,742	2,561,374
Stanton		x	1,036,760	1,080,258	1,191,968	1,253,119	1,332,874
Tustin		x	4,117,253	4,518,236	5,015,121	5,337,612	5,521,942
Villa Park	x		696,035	741,961	810,194	875,017	933,233
Westminster		x	3,444,091	3,685,811	3,947,269	4,178,647	4,439,818
Yorba Linda	x		4,849,326	5,257,654	5,635,541	6,159,074	6,587,989
Unincorporated	x		<u>18,033,081</u>	<u>20,530,995</u>	<u>18,303,375</u>	<u>18,931,941</u>	<u>13,236,995</u>
			<u>\$91,936,192</u>	<u>\$ 101,423,143</u>	<u>\$ 112,006,756</u>	<u>\$ 122,801,720</u>	<u>\$ 129,688,965</u>
Total SFF jurisdictions			\$71,114,744	\$ 78,899,297	\$ 87,389,631	\$ 96,118,720	\$ 100,747,802
Percentage change from prior year			7.73%	10.95%	10.76%	9.99%	4.82%
Total cash cities			<u>20,821,447</u>	<u>22,523,846</u>	<u>24,617,125</u>	<u>26,683,000</u>	<u>28,941,163</u>
Total assessed valuation			<u>\$91,936,192</u>	<u>\$ 101,423,143</u>	<u>\$ 112,006,756</u>	<u>\$ 122,801,720</u>	<u>\$ 129,688,965</u>
Total direct tax rate			0.11%	0.11%	0.11%	0.11%	0.11%

SOURCE: County of Orange Auditor-Controller, Assessed Valuations Booklet by fiscal year

(1) Assessed value is stated at taxable full cash value. These values may include an increased value over the base year for that portion of the city or district which lies within a redevelopment agency.

(2) Assessed Value for these cities is part of the Structural Fire Fund (SFF).

(3) These cities pay for services on a cash contract basis. Assessed Value is shown for comparison only.

(4) Laguna Woods joined the OCFA on January 27, 2000 (previously part of County unincorporated).

(5) Rancho Santa Margarita joined the OCFA March 23, 2000 (previously part of County unincorporated).

(6) Aliso Viejo joined the OCFA upon incorporation on July 1, 2001 (previously part of County unincorporated).

Jurisdiction	(2) SFF	(3) Cash	Fiscal Year 2003/04	Fiscal Year 2004/05	Fiscal Year 2005/06	Fiscal Year 2006/07	Fiscal Year 2007/08
Aliso Viejo (6)	x		\$ 5,223,553	\$ 5,673,714	\$ 6,176,940	\$ 6,968,167	\$ 7,792,144
Buena Park		x	5,241,607	5,651,721	6,112,028	6,750,905	7,611,793
Cypress	x		4,038,709	4,380,633	4,704,566	5,085,127	5,604,677
Dana Point	x		5,941,465	6,250,662	6,998,388	7,693,012	8,879,909
Irvine	x		26,799,741	29,634,708	33,764,042	39,280,256	47,257,608
Laguna Hills	x		4,197,860	4,508,804	4,909,424	5,313,973	5,692,646
Laguna Niguel	x		8,774,412	9,496,924	10,355,469	11,347,524	12,227,117
Laguna Woods (4)	x		1,714,358	1,793,619	1,963,825	2,118,937	2,295,254
Lake Forest	x		8,035,481	8,567,664	9,258,757	10,165,487	11,189,197
La Palma	x		1,222,653	1,304,664	1,397,213	1,509,520	1,685,812
Los Alamitos	x		1,126,237	1,221,543	1,333,656	1,416,837	1,582,738
Mission Viejo	x		9,882,639	10,514,195	11,473,222	12,449,764	13,357,566
Placentia		x	3,499,257	3,792,066	4,189,586	4,628,986	5,070,123
Rancho Santa Margarita (5)	x		5,051,504	5,502,550	5,989,888	6,575,282	6,921,865
San Clemente		x	7,738,680	8,748,299	9,999,404	11,366,168	12,855,038
San Juan Capistrano	x		4,060,793	4,424,780	4,780,297	5,260,585	5,961,050
Seal Beach		x	2,761,755	2,968,854	3,189,870	3,585,301	4,256,884
Stanton		x	1,456,875	1,590,290	1,774,670	1,972,744	2,195,788
Tustin		x	5,901,337	6,507,163	7,046,325	8,170,655	9,958,561
Villa Park	x		990,409	1,069,950	1,148,109	1,234,034	1,355,557
Westminster		x	4,802,251	5,188,197	5,589,577	6,215,306	6,775,451
Yorba Linda	x		7,252,943	7,938,555	8,865,186	9,969,593	11,165,576
Unincorporated	x		<u>14,178,447</u>	<u>15,890,882</u>	<u>17,991,705</u>	<u>19,843,722</u>	<u>22,212,379</u>
			<u>\$ 139,892,965</u>	<u>\$ 152,620,438</u>	<u>\$ 169,012,146</u>	<u>\$ 188,921,886</u>	<u>\$ 213,904,735</u>
Total SFF jurisdictions			\$ 108,491,203	\$ 118,173,848	\$ 131,110,688	\$ 146,231,820	\$ 165,181,097
Percentage change from prior year			7.69%	8.92%	10.95%	11.53%	12.96%
Total cash cities			<u>31,401,762</u>	<u>34,446,590</u>	<u>37,901,459</u>	<u>42,690,066</u>	<u>48,723,638</u>
Total assessed valuation			<u>\$ 139,892,965</u>	<u>\$ 152,620,438</u>	<u>\$ 169,012,146</u>	<u>\$ 188,921,886</u>	<u>\$ 213,904,735</u>
Total direct tax rate			0.11%	0.12%	0.12%	0.11%	0.10%

NOTE:

In 1978, the voters of the State of California passed Proposition 13, which limited property taxes to a total maximum rate of 1% based upon the assessed value of the property being taxed. Each year, the assessed value of property may be increased by an "inflation factor" (limited to a maximum increase of 2%). With few exceptions, property is only re-assessed at the time that it is sold to a new owner. At that point, the new assessed value is reassessed at the purchase price of the property sold. The assessed valuation data shown above represents the only data currently available with respect to the actual market value of taxable property and is subject to the limitations described above.



**COUNTY OF ORANGE**  
**Property Tax Rates of Direct and Overlapping Governments**  
**Last Ten Fiscal Years**

Tax Rates Per \$100 of Assessed/Full Cash Value

<u>For the Year Ended June 30</u>	<u>Overlapping County-wide Basic Levy - Operating</u>	<u>Direct Orange County - Debt Service</u>	<u>Total</u>
1999	1.00000	0.00000	1.00000
2000	1.00000	0.00000	1.00000
2001	1.00000	0.00000	1.00000
2002	1.00000	0.00000	1.00000
2003	1.00000	0.00000	1.00000
2004	1.00000	0.00000	1.00000
2005	1.00000	0.00000	1.00000
2006	1.00000	0.00000	1.00000
2007	1.00000	0.00000	1.00000
2008	1.00000	0.00000	1.00000

SOURCE: County of Orange, Auditor-Controller

**ORANGE COUNTY FIRE AUTHORITY**  
**Principal Property Tax Payers**  
**Current and Nine Years Ago**

Property Tax Payer	Fiscal Year 1998/1999			Fiscal Year 2007/2008		
	Actual Taxes Levied	Rank	Percent of Total Taxes Levied	Actual Taxes Levied	Rank	Percent of Total Taxes Levied
Irvine Company	32,239	1	1.58%	55,806	1	1.12%
Walt Disney Company	16,280	2	0.80%	31,680	2	0.64%
Irvine Apartment Communities				22,146	3	0.45%
So Cal Edison Co.	15,639	4	0.76%	19,195	4	0.39%
Irvine Community Development Co.	4,555	6	0.22%	9,869	5	0.20%
Heritage Fields El Toro LLC				8,586	6	17.00%
United Laguna Hills	3,595	8	0.18%	7,895	7	0.16%
Walt Disney World Co.	11,635	5	0.57%	7,772	8	0.16%
Pacific Bell Telephone Co.	16,169	3	0.79%	7,389	9	0.15%
Irvine Company LLC				5,844	10	0.12%
W.T. Newland Estate	4,087	7	0.20%			
McDonnell Douglas Corporation	3,581	9	0.17%			
Rockwell Semiconductor Systems	3,375	10	0.16%			

SOURCE: Orange County Auditor/Controller

**ORANGE COUNTY FIRE AUTHORITY**  
**Property Tax Levies and Collections**  
**Last Ten Fiscal Years**  
 (dollars in thousands)

For the Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of Levy		Collections in Subsequent Years	Total Collection to Date	
		Amount (1)	Percent Of Levy		Amount	Percent Of Levy
1999	79,520	78,694	99.0%	817	79,511	100.0%
2000	89,194	89,107	99.9%	87	89,194	100.0%
2001	98,486	97,989	99.5%	205	98,194	99.7%
2002	108,852	106,242	97.6%	222	106,464	97.8%
2003	113,649	112,684	99.2%	256	112,940	99.4%
2004	123,841	121,829	98.4%	251	122,080	98.6%
2005	138,864	137,037	98.7%	250	137,287	98.9%
2006	154,289	151,789	98.4%	242	152,031	98.5%
2007	168,777	166,567	98.7%	446	167,013	99.0%
2008	182,400	181,773	99.7%	667	182,440	100.0%

SOURCE: County of Orange Auditor-Controller - Tax Ledger

(1) Includes apportionment based on the Teeter Plan, which apportions delinquencies on a current year basis for Secured Property Taxes. Does not include interest earned.

**ORANGE COUNTY FIRE AUTHORITY**  
**Ratios of Outstanding Debt by Type**  
**Last Ten Fiscal Years**  
(dollars in thousands)

For the Year Ended June 30	Governmental Activities			Median Family Income (County of Orange) (1)	Percentage of Personal Income (2)	Population	Debt Per Capita (3)
	Revenue Bonds	Leases Purchase Agreements	Total Outstanding Debt				
1999	\$ -	\$ 4,281	\$ 4,281	\$ 61	\$ 70	\$ 1,194	\$ 4
2000	-	6,658	6,658	65	10304.7%	1,226	5
2001	-	5,691	5,691	65	8727.5%	1,256	5
2002	28,060	4,678	32,738	66	49920.7%	1,275	26
2003	25,350	3,616	28,966	67	43019.0%	1,290	22
2004	22,555	8,147	30,702	70	43586.6%	1,309	23
2005	19,665	6,148	25,813	74	34999.3%	1,333	19
2006	16,670	9,952	26,622	78	34153.1%	1,351	20
2007	13,570	7,865	21,435	80	26905.1%	1,365	16
2008	10,365	6,203	16,568	80	20646.8%	1,384	12

NOTE: Details regarding the OCFA's outstanding debt can be found in the notes to the financial statements.

(1) Data source: Chapman University (2007 and 2008 are estimates)

(2) Ratio calculated using median family income for County of Orange, as estimated for most recent year

(3) Ratio calculated using population from January 1

**ORANGE COUNTY FIRE AUTHORITY**  
**Ratios of General Bonded Debt Outstanding**  
**Last Ten Fiscal Years**  
 (amounts in thousands)

For the Year Ended June 30	Population	Assessed Value	Gross Bonded Debt	Less Amounts Available in Debt Service Fund (2)	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
1999 - 2001 (1)							
2002	1,275	\$122,801,720	\$28,060	\$2,806	\$25,254	0.02%	\$20
2003	1,290	129,688,965	25,350	2,806	22,544	0.02%	17
2004	1,309	139,892,965	22,555	2,806	19,749	0.01%	15
2005	1,333	152,620,438	19,665	2,806	16,859	0.01%	13
2006	1,351	169,012,146	16,670	2,806	13,864	0.01%	10
2007	1,365	188,921,886	13,570	2,806	10,764	0.01%	8
2008	1,384	213,904,735	10,365	2,806	7,559	0.00%	5

SOURCE: Finance Division, Accounting Unit, Orange County Fire Authority

- (1) FY 2001/02 was the first year that the OCFA had revenue bond debt service obligations.
- (2) Minimum reserve requirement

**ORANGE COUNTY FIRE AUTHORITY**  
**Computation of Direct and Overlapping Bonded Debt**  
**June 30, 2008**

2007-08 Assessed Valuation:	\$206,643,954,214
Redevelopment Incremental Valuation:	( 17,396,929,677)
Adjusted Assessed Valuation:	<u>\$189,247,024,537</u>

<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	Total Debt 6/30/08	% Applicable (1)	District's Share of Debt 6/30/08
Orange County Teeter Plan Obligations	\$ 123,725,000	51.467%	\$ 63,677,546
Metropolitan Water District	327,215,000	10.712	35,051,271
North Orange County Joint Community College District	233,349,001	39.117	91,279,129
Rancho Santiago Community College District	321,779,339	18.107	58,264,585
Capistrano Unified School District School Facilities Improvement District No. 1	56,004,930	99.999	56,004,370
Placentia-Yorba Linda Unified School District	169,069,034	83.230	140,716,157
Saddleback Valley Unified School District	142,480,000	100.000	142,480,000
Santa Ana Unified School District	126,037,965	30.599	38,566,357
Anaheim Union High School District	123,483,955	27.781	34,305,078
Other School Districts	1,104,067,826	Various	128,223,261
City of San Juan Capistrano	8,020,000	100.000	8,020,000
Irvine Ranch Water District Improvement Districts	238,867,348	Various	233,097,169
Moulton-Niguel Water District Improvement Districts	49,565,000	100.000	49,565,000
Santa Margarita Water District Improvement Districts	179,610,000	100.000	179,610,000
South Coast Water District	4,940,000	65.243	3,223,004
County Community Facilities Districts	616,262,642	100.000	616,262,642
School Community Facilities Districts	885,535,156	Various	885,415,019
City and Special District Community Facilities Districts	321,160,000	100.000	321,160,000
1915 Act Bonds	986,288,261	100.000	986,288,261
<b>TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT</b>			<u>\$4,071,208,849</u>

<u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u>			
Orange County General Fund Obligations	\$532,326,000	51.467%	\$273,972,222
Orange County Pension Obligations	72,729,867	51.467	37,431,881
Orange County Board of Education Certificates of Participation	19,590,000	51.467	10,082,385
<b>Orange County Fire Authority</b>	<b>10,365,000</b>	<b>100.000</b>	<b>10,365,000</b>
Municipal Water District of Orange County Water Facilities Corporation	19,295,000	61.177	11,804,102
South Orange County Community College District Certificates of Participation	34,945,000	90.554	31,644,095
Unified School District Certificates of Participation	307,543,785	Various	171,071,189
Union High School Districts Certificates of Participation	117,751,090	Various	19,572,498
Elementary School District Certificates of Participation	38,885,000	Various	11,218,272
City General Fund Obligations	166,385,000	100.000	166,385,000
Irvine Ranch Water District Certificates of Participation	38,800,000	85.137	33,033,156
Moulton-Niguel Water District Certificates of Participation	29,165,234	100.000	29,165,234
Other Special District General Fund Obligations	14,760,000	Various	13,964,599
<b>TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT</b>			<u>\$819,709,633</u>
Less:			
MWDOC Water Facilities Corporation Certificates of Participation			( 11,804,102)
Santa Ana Unified School District self-supporting obligations			( 624,923)
City Obligations (self-supporting from incremental tax and sales tax revenues)			( 29,672,200)
South Coast Water District (100% self-supporting)			( 2,454,862)
<b>TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT</b>			<u>\$775,153,546</u>

GROSS COMBINED TOTAL DEBT	\$4,890,918,482	(2)
NET COMBINED TOTAL DEBT	\$4,846,362,395	

(1) Percentage of overlapping agency's assessed valuation located within the boundaries of the district.

(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

Ratios to 2007-08 Assessed Valuation:

Total Overlapping Tax and Assessment Debt ..... 1.97%

Ratios to Adjusted Assessed Valuation:

**Combined Direct Debt (\$10,365,000)** ..... 0.01%  
Gross Combined Total Debt ..... 2.58%  
Net Combined Total Debt ..... 2.56%

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/08: \$0

Source: California Municipal Statistics, Inc.

**ORANGE COUNTY FIRE AUTHORITY**  
**Summary of Debt Capacity Schedules Not Included in the CAFR**

1. **Computation of Legal Debt Margin**  
The Orange County Fire Authority is not subject to a legal debt margin.
  
2. **Pledged Revenue Coverage**  
Debt of the Orange County Fire Authority is not secured by a pledged revenue stream.

**COUNTY OF ORANGE**  
**Demographic and Economic Indicators**  
**Last Ten Fiscal Years**

Year	(A) Population Estimates (In Thousands)	(B) Total Personal Income (In Thousands)	Per Capita Income	(C) Unemployment Rate
1999	2,776	93,186,500	33,569	2.7
2000	2,828	106,003,900	37,484	3.5
2001	2,926	109,010,300	37,256	4.0
2002	2,940	111,750,300	38,010	5.0
2003	2,979	116,977,800	39,267	4.8
2004	3,017	125,798,400	41,697	4.3
2005	3,057	135,587,900	44,353	3.8
2006	3,072	143,949,000	46,858	3.6
2007	3,098	150,271,700	48,506	3.6
2008	3,121	154,665,000	49,556	4.8

**SOURCES:**

- (A) County of Orange Population and Housing Estimates, California Department of Finance at January 1 of each year
- (B) Center for Economic Research, Chapman University (estimate for most recent year)
- (C) Institute for Economic and Environmental Studies, California State University, Fullerton  
The 2008 figure is a forecast.



**ORANGE COUNTY FIRE AUTHORITY**  
**Population and Housing Statistics**  
**Current Year and Nine Years Ago**

	Population by City, 1999 and 2008			Housing Units by City, 1999 and 2008		
	(A) 1999	(B) 2008	Percent Change	(A) 1999	(B) 2008	Percent Change
Aliso Viejo (1)	n/a	45,249	n/a	n/a	18,047	n/a
Buena Park	75,869	82,768	9.1%	23,903	24,280	1.6%
Cypress	48,517	49,541	2.1%	15,792	16,611	5.2%
Dana Point	37,330	36,982	-0.9%	15,686	15,942	1.6%
Irvine	136,577	209,806	53.6%	48,764	77,680	59.3%
Laguna Hills	30,757	33,421	8.7%	10,576	11,153	5.5%
Laguna Niguel	59,166	66,877	13.0%	23,372	24,908	6.6%
Laguna Woods (2)	n/a	18,442	n/a	n/a	13,629	n/a
Lake Forest	59,357	78,317	31.9%	20,719	26,384	27.3%
La Palma	16,395	16,176	-1.3%	5,071	5,131	1.2%
Los Alamitos	12,031	12,191	1.3%	4,541	4,422	-2.6%
Mission Viejo	96,336	98,572	2.3%	32,573	33,713	3.5%
Placentia	49,127	51,727	5.3%	15,356	16,463	7.2%
Rancho Santa Margarita (3)	n/a	49,764	n/a	n/a	16,793	n/a
San Clemente	49,253	67,892	37.8%	20,609	27,131	31.6%
San Juan Capistrano	32,099	36,782	14.6%	11,009	11,877	7.9%
Seal Beach	27,192	25,986	-4.4%	14,403	14,537	0.9%
Stanton	33,853	39,276	16.0%	11,170	11,161	-0.1%
Tustin	66,834	74,218	11.0%	24,531	25,994	6.0%
Villa Park	6,630	6,259	-5.6%	2,033	2,021	-0.6%
Westminster	86,248	93,027	7.9%	26,642	27,419	2.9%
Yorba Linda	61,839	68,312	10.5%	19,490	21,893	12.3%
Unincorporated	208,228	122,032	-41.4%	84,953	38,963	-54.1%
<b>Total:</b>						
Orange County Fire Authority	<u>1,193,638</u>	<u>1,383,617</u>	15.9%	<u>431,193</u>	<u>486,152</u>	12.7%

- (1) Aliso Viejo joined the OCFA upon incorporation on July 1, 2001.  
 (2) Laguna Woods joined the OCFA after incorporation on March 24, 1999.  
 (3) Rancho Santa Margarita joined the OCFA after incorporation on January 1, 2000.

**SOURCES:**

- (A) County of Orange Population and Housing Estimates, California Department of Finance at January 1, 1997  
 (B) County of Orange Population and Housing Estimates, California Department of Finance at January 1, 2006

**ORANGE COUNTY FIRE AUTHORITY**  
**Principal Employers**  
**Current and Nine Years Ago**

Employer	Fiscal Year 1998/1999			Fiscal Year 2007/2008		
	Number of Employees	Rank	Percent of Total Employment	Number of Employees	Rank	Percent of Total Employment
Walt Disney Co.	13,300	2	0.91%	20,000	1	1.22%
County of Orange	15,408	1	1.05%	18,301	2	1.12%
University of California, Irvine	12,861	3	0.88%	17,579	3	1.08%
St. Joseph Health System	8,150	5	0.56%	10,047	4	0.61%
Boeing Co.	12,000	4	0.82%	9,961	5	0.61%
Yum! Brands Inc.				7,200	6	0.44%
AT&T Inc.				6,000	7	0.37%
California State University, Fullerton				5,634	8	0.34%
Home Depot, Inc.				5,450	9	0.33%
BankAmerica Corp.	4,843	9	0.33%	5,000	10	0.31%
American Stores Co.	7,543	6	0.52%			
Tenet Healthcare Corp.	7,221	7	0.49%			
Ralphs Grocery Co.	5,000	8	0.34%			
Tricon Global Restaurants, Inc.	4,820	10	0.32%			

SOURCE: Orange County Auditor/Controller and Bureau of Labor Statistics

**ORANGE COUNTY FIRE AUTHORITY  
Full-time and Part-time Employees by Function/Department  
Last Ten Fiscal Years**

Function/Department	Full-time and Part-time Employees as of June 30 (1)									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Public safety:										
Executive management	10	40	41	44	44	44	43	44	44	45
Operations	809	818	841	834	834	840	852	857	866	891
Fire prevention	91	70	67	76	76	75	76	76	74	74
Support services	56	29	31	32	32	33	33	33	35	35
Business services	53	66	66	76	76	68	67	74	75	77
<b>Total public safety</b>	<b><u>1,019</u></b>	<b><u>1,023</u></b>	<b><u>1,046</u></b>	<b><u>1,062</u></b>	<b><u>1,062</u></b>	<b><u>1,060</u></b>	<b><u>1,071</u></b>	<b><u>1,084</u></b>	<b><u>1,094</u></b>	<b><u>1,122</u></b>

SOURCE: OCFA Budget Books

NOTES:

(1) Reflects the numbers of positions funded by the General Fund.

**COUNTY OF ORANGE**  
**Property Value, Construction and Bank Deposits**  
**Last Ten Fiscal Years**  
(dollars in thousands)

<u>Fiscal Year</u>	(A)	(B)	<u>Calendar Year</u>	(C)	(C)	(C)
	<u>Assessed Property Value</u>	<u>Total Bank Deposits</u>		<u>Non-Residential Construction</u>	<u>Residential Construction</u>	<u>Total Construction</u>
	<u>Value</u>	<u>Deposits</u>		<u>Value</u>	<u>Number of Units</u>	<u>Value</u>
1998-99	192,625,739	36,458,000	1999	1,796,025	12,990	2,313,190
1999-00	209,136,472	37,639,000	2000	1,818,791	11,905	2,152,073
2000-01	228,548,301	40,643,225	2001	1,748,172	11,953	2,214,626
2001-02	248,966,581	44,329,000	2002	1,208,626	12,020	2,328,123
2002-03	269,684,864	50,226,425	2003	1,005,547	9,311	2,076,976
2003-04	287,923,828	57,732,000	2004	1,132,848	9,322	2,243,642
2004-05	311,802,395	63,665,000	2005	1,494,759	7,206	2,100,436
2005-06	342,576,859	66,250,000	2006	2,400,569	8,371	2,316,948
2006-07	381,007,391	67,961,000	2007	2,005,173	7,070	1,791,488
2007-08	412,669,779	(1)	2008	1,465,990	5,824	1,494,697

(1) Data not available at time of publication.

**SOURCES:**

- (A) County of Orange Auditor-Controller
- (B) Federal Deposit Insurance Corporation (<http://www.fdic.gov>)
- (C) The Chapman University " Economic & Business Review " (Forecasts) dated June 2008

**ORANGE COUNTY FIRE AUTHORITY**  
**Miscellaneous Statistical Information**  
**June 30, 2008**

**Date of Formation:** March 1, 1995

**Form of Government:** Joint Powers Authority,  
 State of California

**Number of Member Agencies:** 23

<b>Members:</b>	Aliso Viejo	Laguna Woods	San Juan Capistrano
	Buena Park	Lake Forest	Seal Beach
	Cypress	La Palma	Stanton
	County of Orange	Los Alamitos	Tustin
	Dana Point	Mission Viejo	Villa Park
	Irvine	Placentia	Westminster
	Laguna Hills	Rancho Santa Margarita	Yorba Linda
	Laguna Niguel	San Clemente	

**Area Served:** 550 square miles

**Population:** 1,383,617 people

**Number of Stations:** 61 (including 2 specialty stations)

<b>Equipment:</b>	<b>Engines</b>	<b>75</b>		
	Type 1 – 54 engines		Air Support Vehicles	4
	Paramedic Engine Units – 19		Airport Crash Units	4
	Paramedic Assessment Units – 19		Bull Dozers	3
	Basic Life Support Units – 16		Command Vehicles	2
	Type 2 – 13 engines		Haz Mat Response	2
	Paramedic Assessment Units – 2		Helicopters	2
	Basic Life Support Units – 11		Paramedic Vans	13
	Type 3 – 8 engines		Squad Vehicles	7
	Basic Life Support Units – 8		Water Tenders	5
	<b>Trucks</b>	<b>13</b>	Patrols	12
	Paramedic Assessment Units – 3		Swift Water Rescue Boats	4
	Basic Life Support Units – 10			

**ORANGE COUNTY FIRE AUTHORITY**  
**Miscellaneous Statistical Information**  
**(Continued)**

**Authorized Positions (by unit):**

Firefighter Unit	808
Fire Management Unit	41
General Unit	198
Supervisory Management Unit	27
Supported Employment Unit	4
Personnel & Salary Resolution	<u>49</u>
Total Authorized Positions	<u>1,127</u>

**Emergency Response:** See pages 102 – 103

**Investigations Activity:**

Cause of Fire	Origin & Cause	Follow-up	Post Incident Inspection
Arson	67	73	2
Reckless Burning	12	5	0
Careless/Negligent	22	4	15
Accident	95	4	32
Mischievous False Alarm	2	1	0
Undetermined	7	2	1
Not Applicable	8	5	2
<b>Total</b>	<b>213</b>	<b>94</b>	<b>52</b>

**Origin & Cause** – Investigation by Fire Prevention staff to determine where and why the fire started.

**Follow-up** – Investigation to determine who started a fire after the Origin & Cause.

**Post Incident Inspection** – Inspection to determine the effectiveness of safety systems and identify other community safety issues.

**Planning and Development Activities:**

Total Plans Received	9,639
Total Plans Reviewed	9,779
Percentage Reviewed within Processing Goals	98.4%

SOURCES: Clerk of the Authority, Orange County Fire Authority  
Community Relations and Education, Orange County Fire Authority  
Planning and Development, Orange County Fire Authority  
Inspection and Investigation Services, Orange County Fire Authority

**ORANGE COUNTY FIRE AUTHORITY**

**Insurance in Force**

**June 30, 2008**

Services	Term	Premium	Coverage Summary
<b>FAIRA</b> Carrier: American Alternative TPA: Glatfelter Claims Mgmt. General Liability/Property/Crime/ Portable Equipment/ Management Liability Excess Liability  Automobile Executive Auto Policy Rider	7/1/07 – 6/30/08	\$710,079	LIMITS: Primary Limit: \$1,000,000 Umbrella Limit: \$10,000,000 Total GL Program Limit: \$11,000,000 Various Deductibles Apply From \$0 - \$10,000 Guaranteed Replacement Cost Replacement Cost Not to Exceed Scheduled Value Policies include coverage for real and personal property, employment-related practices, administration of employee benefit plans, advertising, professional liability, wrongful termination, failure to promote, sexual harassment, errors and omissions and other wrongful acts not excluded.  LIMITS: Liability: \$1,000,000 Each Accident Uninsured Motorists: \$1,000,000 Medical Payments: \$10,000 Each Person Bodily Injury/Property Damage: No Deductible, Each Accident Comp/Collision Deductible Apply \$1,000-\$3,000
<b>Aviation</b> Carrier: Old Republic Insurance Co. Three-year rolling policy term. Premiums to remain flat subject to loss ratio under 50%	6/30/08 – 6/30/09	\$39,373	LIMITS: Single Limit \$20,000,000 Coverage for bodily injury, property damage, medical payments. TRIA coverage.
<b>Pollution</b> Carrier: Zurich American Insurance Co.	7/1/07 – 7/1/08	\$2,708	LIMITS: \$1,000,000/\$2,000,000 Coverage for bodily injury or property damage due to release from storage tank and for costs of corrective action. Terrorism coverage included.
<b>Public Officials</b> Carrier: Hartford Fire Insurance Treasurer Chief of Business Services Finance Manager Clerk of the Authority	3/23/08 – 3/23/09 1/3/08 – 1/3/09 1/25/08 – 1/25/09 7/1/07 – 7/1/08	\$3,025 \$3,025 \$2,750 \$3,025	LIMITS: \$1,000,000 Coverage protects OCFA in the event faithful performance of duties by public officials is not carried out.
<b>Vehicle Verifier Bond</b> Carrier: Hartford Fire Insurance Fleet Services Manager Fleet Services Coordinator Fleet Services Supervisor	5/19/08 – 5/19/09 10/30/07 – 10/30/08 10/12/07 – 10/12/08	\$100 \$100 \$100	Surety bond for employees responsible for verifying vehicle documentation.
<b>Excess Workers' Compensation</b> TPA: SCRMA  Excess: CSAC Excess Insurance Authority	12/1/07 – 12/1/09  3/1/07 – 7/1/08	\$882,231  \$175,834	Workers' Compensation: \$50,000,000 Subject to \$2,000,000 SIR Employer's Liability: \$5,000,000 Subject to \$2,000,000 SIR Excess Workers' Compensation: \$250,000,000 each accident/\$250,000,000 each employee for disease
	<b>TOTAL</b>	<b>\$1,822,350</b>	

SOURCE: Human Resources / Risk Management, Orange County Fire Authority

**ORANGE COUNTY FIRE AUTHORITY**  
**Incidents by Major Category Definitions**

**Fire, Explosion:** This category includes fire responses, even if the fire has been extinguished upon arrival. This category also includes combustion explosions with no resulting fire. Examples of this category include structure fires, rubbish fires, dumpster fires and vehicle fires.

**Over-Pressure Rupture:** This category includes vessels or containers that suffer failure or near failure due to extreme pressure from either an outside source, such as direct heating, or internally due to a cooling system failure or over-filling, such as a propane tank. Examples of this category also include explosions from bombs, dynamite or similar explosives.

**Rescue/EMS Call:** This category includes all medical aids, illness and heart attacks, as well as traffic accidents and missing persons.

**Hazardous Condition Standby:** This category includes Hazardous Materials incidents; electrical wire arcing; suspected drug labs; or situations where there is a perceived problem that may prove to be a potential emergency.

**Service Call:** This category includes incidents for persons in distress, such as a lock-in or lock-out of a vehicle or dwelling creating an emergency situation or critical need, and smoke or odor problems. This category would also include moving units from one station to another to provide area coverage.

**Good Intent Call:** This category includes incidents that are cleared prior to arrival, such as a medical aid where the injured party has left the scene, or the initial information indicated that there were injuries and upon arrival no persons were injured. This category may also include calls where the informant has mistaken steam for smoke.

**False Alarm:** Some examples of the incidents in this category are malicious mischief calls, system malfunctions and the accidental tripping of an interior alarm sensor or device.

**Natural Disaster:** This category includes incidents that are not normal occurrences, such as earthquakes, lightning strikes, hurricanes and other weather or natural events.

**Other:** This includes citizen complaints and reports of fire code or ordinance violations.

SOURCE: Operations Department, Orange County Fire Authority



**ORANGE COUNTY FIRE AUTHORITY**  
**Incidents by Type and Total**  
**Last Ten Fiscal Years**

For the Year Ended June 30 (1)	Fire/ Explosion	Ruptures	Rescue/ EMS	Hazmat	Service Call	Good Intent	False Alarm	Natural Disaster	Other	Total
1999	2,326	223	39,226	1,710	4,308	12,865	4,392	1	486	65,537
2000	2,352	252	43,715	1,603	4,353	10,430	4,974	2	274	67,955
2001	2,254	224	45,525	1,754	4,803	10,082	5,472	3	103	70,220
2002	2,212	162	48,011	1,747	4,902	11,122	5,505	7	106	73,774
2003	2,158	160	48,604	1,805	4,891	10,919	4,831	5	118	73,491
2004	2,136	177	52,000	1,665	4,918	10,938	4,455	2	105	76,396
2005	1,923	169	52,348	1,559	5,246	10,990	4,434	47	552	77,268
2006	1,972	179	54,461	1,402	5,271	11,413	4,543	4	417	79,662
2007	1,860	164	50,892	1,332	4,841	9,748	4,098	2	6,340	79,277
2008	1,946	178	57,871	1,353	5,257	10,933	4,835	10	547	82,930

SOURCE: Clerk of the Authority, Orange County Fire Authority

Note: (1) Response statistics are normally reported on a calendar year basis in other reports. These statistics have been reported on the fiscal year basis, July through June.

**ORANGE COUNTY FIRE AUTHORITY**  
**Total Incidents by Member Agency**  
**Last Ten Fiscal Years**

For the Year Ended June 30 (1)	1999 Total	2000 Total	2001 Total	2002 Total	2003 Total	2004 Total	2005 Total	2006 Total	2007 Total	2008 Total
Aliso Viejo (4)	n/a	n/a	n/a	1,705	1,813	1,924	1,802	1,993	1,978	2,060
Buena Park	5,070	5,041	5,063	5,350	5,439	5,346	5,530	5,368	5,395	5,528
Cypress	2,142	2,229	2,349	2,313	2,322	2,240	2,359	2,489	2,453	2,552
Dana Point	1,987	2,041	2,093	2,303	2,398	2,529	2,441	2,490	2,507	2,700
Irvine	7,738	8,119	8,755	9,190	8,833	9,293	10,341	10,797	10,942	11,632
Laguna Hills	2,022	2,067	2,197	2,242	2,238	2,512	2,211	2,373	2,424	2,434
Laguna Niguel	2,401	2,597	2,557	2,799	2,818	2,871	2,866	2,944	2,949	3,101
Laguna Woods (2)	n/a	3,481	3,700	3,772	3,670	3,949	3,955	4,300	4,223	4,349
Lake Forest	2,914	3,411	3,805	4,079	3,922	4,092	4,171	4,103	4,171	4,170
La Palma	540	621	563	619	648	736	761	772	798	760
Los Alamitos	872	939	917	963	984	930	971	1,012	1,052	1,032
Mission Viejo	4,489	5,010	5,351	5,630	5,573	5,845	5,577	5,809	5,763	6,139
Placentia	2,257	2,125	2,258	2,269	2,375	2,557	2,577	2,797	2,678	2,829
Rancho Santa Margarita (3)	n/a	1,275	1,593	1,790	1,786	1,773	1,914	1,946	1,828	2,002
San Clemente	2,805	2,721	3,004	3,057	3,219	3,508	3,594	3,619	3,644	3,863
San Juan Capistrano	1,896	2,219	2,196	2,253	2,116	2,340	2,418	2,452	2,446	2,569
Seal Beach	2,796	2,708	2,802	2,967	2,720	2,967	3,049	3,257	3,218	3,453
Stanton	2,244	2,252	2,503	2,483	2,495	2,419	2,307	2,368	2,372	2,438
Tustin	3,392	3,536	3,542	3,524	3,644	3,668	3,645	3,608	3,631	3,865
Villa Park	294	265	263	273	274	271	292	309	303	324
Westminster	5,094	5,333	5,377	5,460	5,525	5,618	5,798	5,950	5,782	5,795
Yorba Linda	2,182	2,300	2,371	2,510	2,563	2,653	2,676	2,814	2,815	3,100
Unincorporated	<u>12,402</u>	<u>7,665</u>	<u>6,961</u>	<u>6,223</u>	<u>6,116</u>	<u>6,355</u>	<u>6,013</u>	<u>6,092</u>	<u>5,905</u>	<u>6,235</u>
<b>Total</b>	<u><b>65,537</b></u>	<u><b>67,955</b></u>	<u><b>70,220</b></u>	<u><b>73,774</b></u>	<u><b>73,491</b></u>	<u><b>76,396</b></u>	<u><b>77,268</b></u>	<u><b>79,662</b></u>	<u><b>79,277</b></u>	<u><b>82,930</b></u>

SOURCE: Clerk of the Authority, Orange County Fire Authority

Notes: (1) Response statistics are normally reported on a calendar year basis in other reports.

These statistics have been reported on the fiscal year basis, July through June.

(2) Laguna Woods joined the OCFA 1/27/00 (previously reported in County unincorporated).

(3) Rancho Santa Margarita joined the OCFA upon incorporation on 3/23/00 (previously reported in County unincorporated).

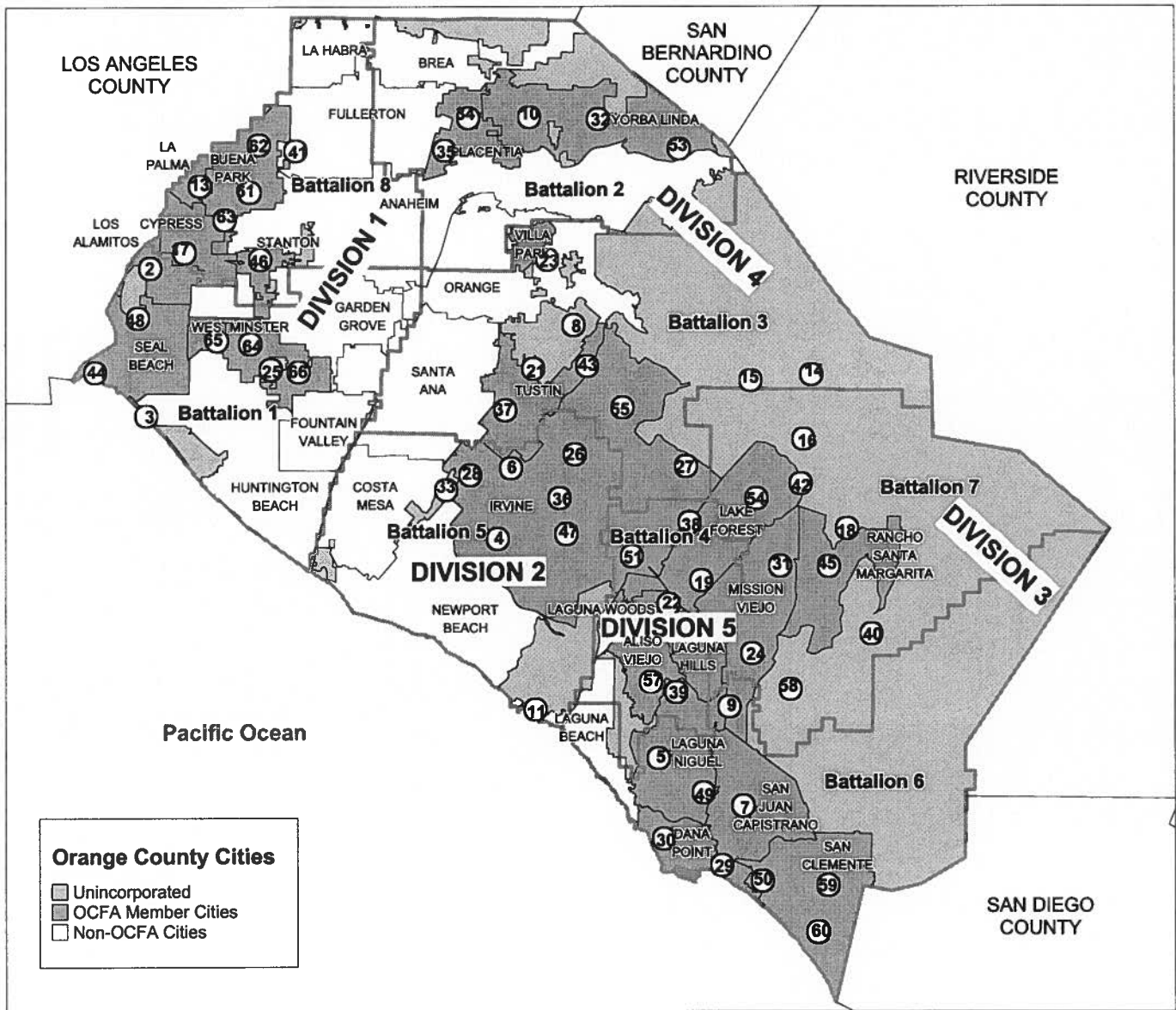
(4) Aliso Viejo joined the OCFA upon incorporation on 7/1/01 (previously reported in County unincorporated).

**ORANGE COUNTY FIRE AUTHORITY**  
**Capital Asset Statistics**  
**Last Ten Fiscal Years**

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Number of stations	61	61	63	59	60	60	60	61	60	61
Equipment:										
Engines (1)	82	82	84	76	73	73	99	99	53	75
Trucks	14	14	14	13	13	13	13	13	13	13
Air support vehicles	2	2	4	4	3	4	4	2	2	4
Airport crash units	4	4	3	3	4	3	4	4	4	4
Bull dozers	3	3	2	2	3	2	2	3	3	3
Command vehicles	2	2	2	2	2	2	2	2	2	2
HazMat response	1	1	1	1	1	2	2	2	2	2
Helicopters	2	2	2	2	2	2	2	2	2	2
Paramedic vans	10	10	10	10	10	10	10	10	12	13
Squad vehicles	0	0	0	10	7	7	7	7	7	7
Water tenders	6	6	4	4	5	5	5	5	4	5
Patrols	9	9	9	9	12	12	12	12	12	12
Swift water rescue boats	4	4	4	4	4	4	4	4	4	4

(1) Prior to 2007 all engines were included (front-line, reserve, training, parade and surplus). Beginning in 2007, only front-line engines were included to make the data consistent with the other vehicle types.

# DIVISION/BATTALION BOUNDARIES AND STATION LOCATIONS



**ORANGE COUNTY FIRE AUTHORITY**  
**List of Stations by Member Agency**  
**June 30, 2008**

**City of Aliso Viejo**

Station 57, 57 Journey 92656

**City of Buena Park**

Station 61, 8081 Western Ave. 90620

Station 62, 7780 Artesia Blvd. 90620

Station 63, 9120 Holder St. 90620

**City of Cypress**

Station 17, 4991 Cerritos Ave. 90630

**City of Dana Point**

Station 29, 26111 Victoria Blvd. 92624

Station 30, 23831 Stonehill Dr. 92629

**City of Irvine**

Station 4, 2 California Ave. 92612

Station 6, 3180 Barranca Pkwy. 92606

Station 26, 4691 Walnut Ave. 92604

Station 27, 12400 Portola Springs, 92618

Station 28, 17862 Gillette Ave. 92614

Station 36, 301 E. Yale Loop 92604

Station 38, 26 Parker 92618

Station 47, 47 Fossil 92603

Station 51, 18 Cushing 92618

Station 55, 4955 Portola Pkwy. 92614

**Cities of Laguna Hills and Laguna Woods**

Station 22, 24001 Paseo de Valencia 92653

**City of Laguna Niguel**

Station 5, 23600 Pacific Island Dr. 92677

Station 39, 24241 Avila Rd. 92656

Station 49, 31461 St. of the Golden Lantern 92677

**City of Lake Forest**

Station 19, 23022 El Toro Rd. 92630

Station 42, 19150 Ridgeline Rd. 92679

Station 54, 19811 Pauling Ave. 92610

**City of La Palma**

Station 13, 7822 Walker St. 90623

**City of Los Alamitos**

Station 2, 3642 Green Ave. 90720

**City of Mission Viejo**

Station 9, #9 Shops Blvd. 92691

Station 24, 25862 Marguerite Pkwy. 92692

Station 31, 22426 Olympiad Rd. 92692

**City of Placentia**

Station 34, 1530 N. Valencia 92870

Station 35, 110 S. Bradford 92870

**City of Rancho Santa Margarita**

Station 45, 30131 Aventura 92688

**City of San Clemente**

Station 50, 670 Camino de los Mares 92673

Station 59, 1030 Calle Negocio 92673

Station 60, 100 Avenida Presidio 92672

**City of San Juan Capistrano**

Station 7, 31865 Del Obispo 92675

ORANGE COUNTY FIRE AUTHORITY  
List of Stations by Member Agency  
(Continued)

**City of Seal Beach**

Station 44, 718 Central Ave. 90740  
Station 48, 3131 Beverly Manor Rd. 90740

**City of Stanton**

Station 46, 7871 Pacific St. 90680

**City of Tustin**

Station 37, 14901 Red Hill Ave. 92780  
Station 43, 11490 Pioneer Way 92782

**City of Villa Park**

Station 23, 5020 Santiago Canyon Rd. 92869

**City of Westminster**

Station 64, 7351 Westminster Blvd. 92683  
Station 65, 6061 Hefley St. 92683  
Station 66, 15061 Moran St. 92683

**City of Yorba Linda**

Station 10, 18422 E. Lemon Dr. 92886  
Station 32, 20990 Yorba Linda Blvd. 92886  
Station 53, 25415 La Palma Ave. 92886

**County of Orange, Unincorporated**

Station 3, 16861 12th St., Sunset Beach 90742  
Station 8, 10631 Skyline Dr., Santa Ana 92705  
Station 11, 259 Emerald Bay, Laguna Beach 92651  
Station 14, P.O. Box 12, Silverado 92676  
Station 15, 27172 Silverado Canyon Rd., Silverado 92676  
Station 16, 28891 Modjeska Canyon Rd., Silverado 92676

Station 18, P.O. Box 618, Trabuco Canyon 92678  
Station 21, 1241 Irvine Blvd., Tustin 92780  
Station 25, 8171 Bolsa Ave., Midway City 92655  
Station 40, 25082 Vista del Verde, Coto de Caza 92679  
Station 58, 58 Station Way, Ladera Ranch 92694

**Specialty Stations**

Station 41, 3815 Commonwealth Ave, Fullerton 92633  
Helicopter Operations

Station 33, 366 Paularino, Costa Mesa 92626  
Aircraft Rescue Fire Fighting

**ORANGE COUNTY FIRE AUTHORITY**  
**Description of the Organization, Programs and Service Delivery**

**EXECUTIVE MANAGEMENT**

Executive Management is responsible for planning, organizing, evaluating fire and emergency services and providing direction to all departments within the organization. Executive Management also ensures that the types and levels of services provided are consistent with Board of Directors policy and the adopted budget.

The Orange County Fire Authority (OCFA) is managed by an appointed Fire Chief, a Deputy Fire Chief and four Assistant Chiefs. Service activities are organized into four departments – Operations, Fire Prevention, Business Services, and Support Services. The following divisions/sections report directly to the Fire Chief or Deputy Fire Chief and are not included in the one of the four departments:

**Clerk of the Authority** – The Clerk of the Authority is responsible for attending and taking minutes of all public meetings of the Board of Directors and committees, executing orders as directed, preparing legal notices for publication, distributing copies of orders and performing records management functions for the OCFA.

**Corporate Communications** – Corporate Communications is responsible for a wide variety of programs including Audio-Visual design and production, media relations, community relations and public education. Other responsibilities in support of the Fire Chief and Executive Management team include customer service follow-up, other special studies as required by the Fire Chief and liaison to various constituencies including OCFA member cities.

- As part of Corporate Communications, the Community Relations and Education Services Section provides an array of programs designed to educate the public in the areas of fire and injury prevention and public safety issues. These programs are designed to meet the needs of the community, including school requests, community events, business needs and service organization functions. The focus of these efforts is to deliver high quality fire safety education programs along with the delivery of all risk preparedness programs when needed. These programs include Business Safety, Fire Extinguisher Use, Older Adult Safety, Earthquake Preparedness, Junior Firefighter, Learn Not to Burn, Drowning Prevention, Fire F.R.I.E.N.D.S., Cardiopulmonary Resuscitation (CPR) and general fire safety programs. Along with educational programs, the coordination and active participation in community events which can include parades, health and safety fairs, school carnivals and other city functions are also an integral part of the services offered through this section.
- The Multi-Media Services Section is also a part of the Corporate Communications Section. Multi-Media Services produces award-winning media to support programs in all areas of the OCFA. Production capabilities include video format, computer presentations, and still photography. Other services include graphic design and meeting support. A video newsletter is produced quarterly and includes a safety topic, automotive maintenance tips, a Chief's message and highlights of significant emergency incidents during the previous quarter. In addition, all audio/visual needs and services are conducted and administered through this section.

**Human Resources Division** – The Human Resources Division includes the following sections: Employee Relations, Organizational Training and Development, Risk Management, and Employee Benefits and Services. These sections provide programs and services designed to support the OCFA and its employees in the achievement of its mission and objectives. The employee relations program includes classification and compensation, recruitment and selection, labor negotiations and Memorandum of Understanding (MOU) administration, risk management, performance management, salary administration, health and wellness, organizational development/training, employee benefits and other areas essential to the management of the OCFA's human resources.

- The Employee Benefits and Services Section (Benefits) consists of the Employee Benefits and Human Resources Support personnel. Benefits is responsible for the administration of employee benefit programs including health, accidental death and dismemberment, dental, vision, life, disability and optional benefit plans. In support of all OCFA employees, Benefits is responsible for the administration of the Retiree Medical Program, the Employee Assistance Program (EAP), the Dependent Care Assistance Program (DCAP), the Premium Only Plan (POP) and the New Employee Orientation Program; coordinating and assisting employees with the retirement process; and completing administrative duties related to all types of leaves.

Also under this section, the Human Resources Support Staff is charged with a number of major administrative duties and services to employees covering most areas of the Human Resources Division. Duties include new employee sign-ups, distribution of applications and recruitment flyers, tracking performance evaluation notifications, assisting personnel with walk-in and phone questions, payroll processing of new hires, probation approvals, merit increases, promotions, reductions, separations, entries for all HR-related automated information systems and master position control.

- The Employee Relations Section conducts compensation and classification studies, conducts recruitments and examinations, reviews and/or consults on disciplinary matters, maintains all personnel records, handles labor negotiations, and administers the various memoranda of understanding for represented employees and advises managers/supervisors on employee relations issues.
- The Organizational Training & Development Section has the responsibility for organizing training and development programs/activities for supervisors, managers and staff.
- The Risk Management Section administers the workers' compensation, general liability, and occupational safety and health programs. This section also assists OCFA employees through the workers' compensation process and manages general liability for both auto and property losses and claims. Risk Management also secures insurance coverage for all of OCFA's insurance needs, responds to and reviews occupational risks and exposures by loss control and safety measures and co-chairs OCFA's Safety and Occupational Health Committee.

**General Counsel** – The OCFA contracts with the firm of Woodruff, Spradlin, & Smart located in Costa Mesa, California for its legal services. General Counsel reports directly to the Board of Directors.

The following pages contain descriptions of each department/division along with the programs and services delivered to the OCFA's customers.



## OPERATIONS DEPARTMENT

The Operations Department is responsible for providing command and control direction regarding daily operations and all fire suppression activities including resource utilization, deployment and staffing during major emergencies and disaster or extreme weather staffing conditions. Also included are other fire services programs such as Community Volunteer Services, Emergency Communications, Emergency Medical Services, Emergency Planning and Coordination, Operations Training and Safety and Special Operations.

**Divisions I, II, III, IV, and V** – There are five operational divisions, each under the command of a Division Chief, encompassing geographical areas throughout the OCFA's jurisdiction. Divisions I, III, and IV are divided into two battalions while Divisions II and V consist of one battalion and specialized emergency response capabilities and equipment (Airport Rescue Firefighting and the Hazardous Materials Response Team in Division II and Urban Search and Rescue in Division V). The battalions are under the command of Battalion Chiefs. Within these battalions are 60 fire stations that provide for regional emergency response to all structure fires, medical aids, rescues, hazardous materials incidents and wildland fires.

**Operations Support Division** – This Division provides other fire services as described below:

**Community Volunteer Services** – The Community Volunteer Services Section is responsible for the coordination of 390 Reserve Firefighters (RFF) that provide emergency medical aid, fire suppression and support services responding out of five stand-alone fire stations, fourteen combination fire stations (both RFF and Career personnel assigned) and three RFF Crew locations.

**Emergency Communications** – The Emergency Communications Section has two primary functions. The Dispatch Center receives and dispatches emergency calls using Computer Aided Dispatching system (CAD). The mapping and geo-file group maintains the Fire Station Order File (a key component of CAD to ensure the closest emergency apparatus is sent to the emergency) and creates and distributes District Maps for use by emergency apparatus to respond to the emergency scene.

**Emergency Medical Services (EMS)** – The Emergency Medical Services (EMS) Section provides management, oversight and direction for the delivery of emergency medical services by first responders and paramedics. This includes the implementation of the continuing quality improvement program; ongoing continuing education for all personnel and EMT-I basic training for the reserve personnel; EMS supply and equipment evaluation and purchasing; monitoring and tracking of paramedic licensure and EMT-I certifications; oversight of compliance to ALS and medical supply fee agreements by the ambulance providers; issuance and evaluation of the ambulance RFP; monitoring of ambulance response time compliance; liaison to applicable regulatory agencies, hospitals, ambulance providers and other EMS groups; and identifying paramedic staffing needs and performing recruitment functions.

**Emergency Planning and Coordination (EPAC)** – The Emergency Planning and Coordination (EPAC) Section coordinates the OCFA's emergency planning with federal, state and local jurisdictions and agencies, manages the Department's Operations Center (DOC) during major emergencies and serves as the OCFA liaison to any agency requiring information on emergency response or planning. The EPAC Battalion Chief represents the OCFA on working task forces such as the state and federal Terrorism Task Force, Nuclear Power Authority and Marine Disaster. This section coordinates all California Department of Forestry (CDF) Gray Book issues, contract counties review and automatic aid

issues. This section also maintains and updates all City and County Emergency Plans, the multi-agency Mutual Aid Plan, Office of Emergency Services (OES) Mutual Aid Plan, Supplement Response Guidebook and OCFA Mutual Aid Operational Area Plan.

**Operations Training and Safety** – The Operations Training and Safety Section delivers and facilitates all operations personnel training activities. This includes research, development and implementation of a variety of training courses, including basic and advanced firefighter techniques and administrative and supervisory training. The Training Section coordinates and administers recruit and promotional training academies including reserve firefighters, firefighters, lateral paramedics, engineers and officer academies. This section also maintains a strong working relationship with Santa Ana College and the California Joint Apprentice Commission (JAC). The OCFA Training Section is a leader in training research and development of the Orange County Training Officers Board locally, and the Training Resources and Data Exchange (TRADE) nationally. This section also serves in a lead capacity on issues of employee and incident safety, with training officers doubling as incident safety officers.

**Special Operations** – The Special Operations Section is responsible for administration and coordination of the OCFA's Helicopter Program; fire crews and heavy fire equipment; and the Vegetation Management Program (VMP/Wildland Defense Program). The OCFA currently maintains firefighting helicopters used for emergency responses throughout the year for wildland and wildland-urban interface fires, swift water and still water rescues, medical rescue support and disaster mitigation. The Crews and Equipment Unit is responsible for coordinating firefighting handcrews, heavy fire equipment emergency responses, fire road maintenance and various construction and maintenance projects. The goal of the VMP/Wildland Defense Program is to mitigate the negative effects of wildland fires by developing tactical pre-fire plans, using controlled burns to lessen the effects of wildland fires and providing community awareness of efforts the community can take to prevent property and life loss in the wildland/urban interface.

## FIRE PREVENTION DEPARTMENT

The Fire Prevention Department adopts and enforces codes and ordinances relative to fire and life safety issues, reviews plans and conducts inspections of construction projects, coordinates annual life safety inspections of all existing commercial buildings, provides long-range analysis of impacts on resources associated with future land use and development, investigates all fires and manages OCFA's hazardous materials programs in accordance with local, state and federal regulations.

**Investigation Services** – The Investigation Services Section's peace officers are responsible for investigating or reviewing all fires to determine the cause and the appropriate intervention strategies. A thorough and accurate investigation provides the foundation for current and future fire prevention efforts. Criminal cases are followed up by filing with the District Attorney's Office, while juvenile-related fires are handled through a juvenile diversion program. Cost recovery is pursued on all applicable incidents. Non-criminal fires are reviewed for the purpose of identifying potential fire prevention efforts.

**Planning and Development** – The Planning and Development Section works with the construction community, as well as city and County planning and building staff, to ensure new developments and projects meet state and local fire and life safety requirements. Staff reviews conceptual and community designs, including special provisions for development in wildland interface areas, and reviews and inspects construction and new systems, working closely with architects, engineers, contractors and consultants to ensure that the California and Uniform Fire Code requirements are met prior to occupancy. The section is also responsible for development and implementation of local fire code amendments adopted by each city and the County during the triennial code adoption process.

**Risk Analysis and Mitigation Evaluation** - The Risk Analysis and Mitigation Evaluation Section provides a comprehensive analysis of community risks along with an evaluation of ongoing mitigation efforts. This is done by obtaining data from a variety of sources to conduct statistical and spatial analysis of current and historical risks as well as trend analysis. In conjunction with the risk analysis, there will be an inventory and analysis of all current mitigation strategies within OCFA. Each will be categorized by responsible Section, targeted risk, targeted audience, resources needed and perceived effectiveness. Specific performance indicators for each program are being developed. Mitigation strategies research will be ongoing and will extend beyond public safety agencies to any group or activity experiencing success in reducing the current or projected risks within OCFA's jurisdiction.

**Safety and Environmental Services (S&ES)** - This section assists stakeholders in maintaining and enhancing safe communities. Working with stakeholders such as businesses, city and county staff, first responders, environmental regulatory agencies and the general public, S&ES staff conducts fire safety inspections, issues permits for hazardous processes, responds to public complaints of hazards and provides emergency response information about hazardous materials for both response and planning purposes.

## **BUSINESS SERVICES DEPARTMENT**

The Business Services Department monitors cash balances, makes investments and coordinates the annual Tax and Revenue Anticipation Note (TRAN) and long and short-term debt; provides financial functions such as accounts payable, accounts receivable, administrative support, budget, financial systems support, general ledger, payroll and timekeeping to OCFA; provides information systems development, repairs and installations; and provides purchasing, receiving, shipping, warehousing and mail operations.

**Finance Division** – The Finance Division is responsible for providing financial accounting, reporting, planning and budgeting services and developing procedures and policies to protect and safeguard the financial and material assets of the OCFA. Responsibilities include accounts receivable, accounts payable, payroll, general accounting of fixed assets and general ledger.

**Information Technology Division** – The Information Technology Division is responsible for the development and support of information systems applications and databases and also for operations, maintenance and security of the Authority's computers, network, radio systems and overall technical infrastructure. Responsibilities include analysis, design, programming, implementation, maintenance and security for existing and future computer systems; development and monitoring of information technology standards and guidelines; internal and external network development; and coordination, evaluation, selection and deployment for all computers, printers and automation software and hardware purchases, upgrades and replacements. The Communication Services function transitioned from the Operations Department during Fiscal Year 2005-06 following completion of the IT Master Plan. Responsibilities include the purchase and maintenance of all emergency communication radios; oversight for the installation of radios and MDCs in emergency apparatus; oversight for fire station alarm systems; and purchase and maintenance of pagers.

**Purchasing & Materiel Management** – The Purchasing & Materiel Management Section processes all purchasing requisitions, develops requests for proposals (RFPs), manages formal bid processes and manages surplus property for the OCFA. This section also provides shipping, receiving and warehousing services; performs mail processing and delivery services; certifies and maintains breathing apparatus; provides repair and fabrication services on equipment, woodworking, safety garments, and tools; manages the acquisition and distribution of bulk supplies and equipment; and provides logistical support for major emergencies.

**Treasury and Financial Planning** – The Treasury and Financial Planning Section, managed by the Treasurer, monitors the OCFA's cash balances, makes investments in accordance with the OCFA's Investment Policy, coordinates the issuance of the annual Tax and Revenue Anticipation Note (TRAN) and prepares monthly investment reports. In addition, this section is responsible for budget preparation and monitoring, financial forecasting and special financial studies.

## **SUPPORT SERVICES DEPARTMENT**

The Support Services Department coordinates all facilities maintenance, repairs, design and construction; automotive and fleet maintenance, repairs and acquisition; and government liaison and legislative advocacy.

**Fleet Services** – The Fleet Services Section is responsible for managing a fleet of over 400 vehicles and fire apparatus; performing preventive maintenance (PM), major repairs and renovations on the OCFA's apparatus and vehicles; testing and certifying specialty equipment; designing and developing specifications; and overseeing acquisition and manufacturing quality assurance of all vehicles and apparatus.

**Legislative Services** – The Legislative Services Section monitors legislation and regulations and advocates the OCFA's position before federal, state and local governing and regulating agencies.

**Property Management** – The Property Management Section constructs, manages and maintains the real property and durable infrastructure of the OCFA. Responsibilities include acquisition of real property; planning, design and construction of new fire stations; space management; and renovation, maintenance and repair of existing facilities.

**Strategic Services** – The Strategic Services Section is responsible for the coordination and management of advance and strategic planning efforts within the OCFA. Areas of responsibility include the following: analyze and monitor impacts of development, annexations and incorporations; initiate and complete agreements with developers for acquisition, design, construction and dedication of fire facilities, equipment, costs and services; research issues impacting OCFA services to the community including population shifts, density, infrastructure changes, social-economic influences, call load, response modeling and project-specific impact in order to determine appropriate service levels, benchmarks and actual performance; and ongoing coordination of the OCFA strategic plan. Support efforts to meet areas of responsibilities include developing and implementing performance indicators to measure organizational efficiency; monitoring Local Agency Formation Commission (LAFCO) and California Environmental Quality Act (CEQA) by reviewing submittals from governmental agencies and by responding to development issues that impact public safety and fire protection within our service delivery area; coordinating and monitoring fees and agreements, related to development, for fiscal issues and compliance; and coordinating and responding to requests for parcel, station locations, ISO ratings and demographic information.